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UNIFORM CLASSIFICATION OF ACCOUNTS

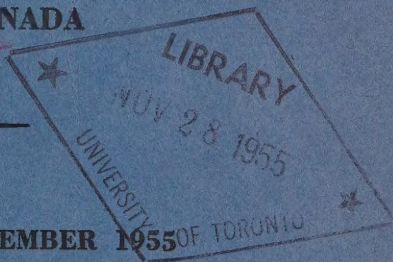
for

CLASS I

COMMON CARRIERS BY RAILWAY

as prescribed by the

BOARD OF TRANSPORT COMMISSIONERS
FOR CANADA



ISSUE OF SEPTEMBER 1955 OF TORONTO

EFFECTIVE JANUARY 1, 1956

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EXPLANATORY FOREWORD

(To this, the initial Classification issue)

Parliamentary considerations of accounting uniformity had their genesis in Section 13 of the Canadian National-Canadian Pacific Act 1933, which directed the Canadian National auditors in their annual reports to Parliament to "call attention to any matters which in their opinion require consideration or remedial action". In their 1934 Report to Parliament, the Canadian National auditors, *inter alia*, made the following comment:

"Believing that the uniform presentation of results is of far-reaching importance, it would appear to us to be a subject to which we should draw the attention of Parliament under the specific instructions given to the auditors in the legislation under which this audit is carried out. For this reason we take up the matter briefly in this report."

Over a period of several years thereafter the aforementioned auditor's reports dealt at length with the matter.

In 1939 a Uniform Accounting Committee was appointed by the Right Honourable C. D. Howe, the then Minister of Transport, but because of more pressing problems arising from the outbreak of the Second World War the matter was put over until after the close of hostilities.

Post-war general rate cases coming before the Board, however, again made evident the need of accounting uniformity, and in due time the "Report of the Royal Commission on Transportation 1951" included, with respect thereto, the following recommendations:

"That the Railway Act be amended so that the Board of Transport Commissioners shall:

- (a) Be empowered and directed to prescribe as soon as practicable a uniform classification and system of accounts and reports for rail items for the Canadian National and Canadian Pacific railways. Such classification and system of accounts and reports to distinguish clearly between rail and non-rail items. Since each of these companies not only owns certain railways but controls, leases and operates other railways, the question will arise whether some of the smaller roads in this category should be compelled to adopt such classification. This is a matter of detail which the Board will be in a position to decide. The point to be stressed is that the uniformity must be such that comparisons of operations between the two major systems may be readily made.
- (b) Be empowered to prescribe a simplified classification of such accounts and reports for railways (other than the Canadian National and Canadian Pacific railways) subject to the jurisdiction of the Board.
- (c) Be empowered and directed to prescribe as soon as practicable for all railways subject to its jurisdiction the classes of property for which depreciation may properly be charged in the rail accounts, and the rate or rates to be charged with respect to each class. Whatever system and whatever rates of depreciation are approved by the Board should be accepted for income tax purposes, because it might be said to be unfair to have depreciation charges approved by a regulatory body such as the Board and then disallowed in determining income tax liability.
- (d) Be empowered to carry out such inspection and examination of the accounts of the railways as the Board deems necessary.
- (e) Be empowered and directed to institute and maintain a statistical procedure so designed as to provide the requisite data necessary to the performance of its duties."

Consequent upon the 1951 Royal Commission Report, Parliament, in Sections 386 and 387, R.S. 1952, made the following provisions:

"386. The Board shall institute and maintain a statistical procedure designed to provide the data necessary for the performance of its duties. 1951 (2nd Sess.), c. 22, s. 15.

387. (1) The Board shall prescribe for the Canadian National Railway Company and the Canadian Pacific Railway Company a uniform classification and system of accounts and returns of their assets, liabilities, revenues and working expenditure that relate to railway operations.

(2) The Board may prescribe for any other railway company within the legislative authority of the Parliament of Canada a uniform classification and system as described in subsection (1), or a condensed form thereof.

(3) The Board shall prescribe the items that shall be classed as items relating to railway operations in the accounts and returns.

(4) The Board shall prescribe the classes of property for which depreciation charges may properly be included under operating expenses in the accounts, and the rate or rates of depreciation that shall be charged with respect to each of the classes of property.

(5) The Board or person appointed or directed by the Board under this Act to make an inquiry or report may inspect and take copies of the accounts and other documents of any railway company within the legislative authority of the Parliament of Canada.

(6) Every railway company for which the uniform or condensed classification and system of accounts and returns is prescribed shall keep its accounts in accordance with the prescribed classification and system. 1951 (2nd Sess.), c. 22, s. 15."

After some three years of arduous collaborative effort on the part of its accounting advisers, and with the full co-operation of the accounting officers of the two major railways of Canada, the Board has been enabled to conclude the main portion of its studies and considerations, and now authorizes and directs the issuance of this Uniform Classification of Accounts for the two major (Class I) common carriers by railways in Canada, effective January 1, 1956.

Supplementary directives are in process of issuance by the Board, including those pertaining to:

- (a) The consist and constructive bases of statistics pertaining to rail operations in Canada.
- (b) The formulae governing freight and passenger costing and general accounting allocations, the "out-of-pocket" and "compensatory" costing concepts, etc. in Canadian rail operations.
- (c) The format of periodic reportings to the Board including those heretofore pertaining to corporate matters in general; to operating, income, capital expenditure, balance sheet, statistical and other statements pertaining to rail operations in Canada.
- (d) The reconciliations between Canadian rail, Canadian non-rail, non-Canadian accounts, and the published corporate accounts to shareholders.
- (e) The condensed classification applicable to other than the two major railways of Canada—i.e.: Classes II to IV—(to be effective not later than January 1, 1957).
- (f) The procedures to be followed by carriers and all other properly constituted interests in respect of any suggested amendments to the accounting, costing, statistical and ancillary regulations of the Board from time to time in the future.

Plans for the establishment of the Board's organizational structure, co-ordinated working relationships with other administrative and regulatory bodies in Canada and the United States, and governing procedures for the future implementation of the Board's regulations, are well under way.

Acknowledgment

Without in any way or in any degree inferring agreement or otherwise with the underlying principles and provisions of this major Classification by the accounting officers of the Interstate Commerce Commission and the Association of American Railroads in Washington, the Board gratefully acknowledges their constructive and lengthy considerations given to the Board's problem of accounting uniformity and related matters.

THE BOARD OF TRANSPORT COMMISSIONERS FOR CANADA

WEDNESDAY, the 2nd day of November, A.D. 1955.

In the matter of section 387 of the Railway Act and uniform classification and system of railway accounts and reports:

File No. 45464.2

Hon. Mr. Justice JOHN D. KEARNEY, Chief Commissioner.

HUGH WARDROPE, Asst. Chief Commissioner.

A. SYLVESTRE, Q.C., Deputy Chief Commissioner.

F. M. MACPHERSON, Commissioner.

H. B. CHASE, C.B.E., Commissioner.

L. J. KNOWLES, Commissioner.

IN PURSUANCE of the powers conferred upon the Board by sections 33, 34 and 387 of the Railway Act, and of all other powers possessed by the Board in this behalf—

IT IS ORDERED that the September 1955 issue of "Uniform Classification of Accounts for Class I Common Carriers by Railway as Prescribed by The Board of Transport Commissioners for Canada", annexed hereto, be, and it is hereby prescribed, to be effective on the 1st day of January, 1956, for the Canadian National Railways and Canadian Pacific Railway Company.

JOHN D. KEARNEY,

Chief Commissioner,

The Board of Transport Commissioners for Canada.

GENERAL INSTRUCTIONS

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ACCOUNTING CLASSIFICATION FOR CANADIAN RAILWAYS

GENERAL INSTRUCTIONS

1. Classification of Carriers.

For purposes of these accounting regulations, all common carriers by railway subject to the jurisdiction of the Board of Transport Commissioners for Canada are grouped into the following four classes:

CLASS I. Canadian National Railways and Canadian Pacific Railway Company and their related operations which are defined herein as Canadian rail operations.

CLASS II. Other carriers having average gross revenues of \$500,000 or more annually from Canadian rail transportation operations.

CLASS III. Other carriers having average gross revenues of less than \$500,000 annually from Canadian rail transportation operations.

CLASS IV. Other companies which report under the Railway Act, such as terminal, bridge, tunnel and pullman companies.

Class II, Class III and Class IV carriers have the option of using the condensed classifications of expenses provided for their respective classes. Smaller carriers shall have available for annual report purposes the group totals required by the respective condensed classifications, even though they elect otherwise to use primary accounts prescribed for Class I carriers.

2. Records.

The books to be used in recording transactions as classified in these regulations are not prescribed. They shall conform, however, to accepted accounting procedure and every account in the general ledger, in which transactions are assembled for balance sheet purposes, shall bear reference to the account number and title under which it is classified. Annual results shall be stated on the basis of years ending December 31st.

The accounts shall be posted currently and a general ledger trial balance shall be drawn off at the close of each month, but the closing of accounts for that purpose may be indicated in any orderly manner. Final entries for each month shall be made not later than sixty days after the last day of the month for which the accounts are stated, except that the period within which the final entries for the month of December shall be made may be extended to such date in the following March as will not interfere with preparation and filing of annual reports with the Board of Transport Commissioners.

The records shall be kept in such form as to permit determination of the correctness of the accounting and with sufficient particularity to show fully the facts pertaining to all entries made in the accounts. Where full information is not recorded in the general books, the entries therein shall be supported by other records in which full details shall be shown. The general book entries shall contain sufficient reference to the detail records to permit ready identification, and the detail records shall be filed in such manner as to be readily accessible for examination by representatives of the Board. Carriers are at liberty to subdivide the general and primary accounts here given.

3. Purpose of Account Grouping.

The accounts of this system are grouped so as to indicate their inter-relation to advantage. To that end road maintenance accounts in expenses will include repairs to property classified as road in the property investment accounts. Generally, equipment maintenance accounts in expenses will include repairs to property classified as equipment in the property investment accounts. For example: a property account includes the investment in station buildings, a maintenance account is charged with repairs to such buildings, and a transportation expense account shows the cost of station supplies and expenses. In most instances expenses can not be so clearly related to primary property accounts, but primary accounts for maintenance conform wherever possible to primary accounts for investment in the same property.

Within the Revenue and Expense accounts are separate groups of accounts for Express, Communications and Highway Transport which pertain to rail operations. These separate groups of accounts are provided to assist the carrier in compiling the departmental statements required for these operations.

Property accounts. The primary accounts in this grouping are designed to classify the carrier's investment in rail transportation property. The investment in physical property not used in rail transportation service is provided for in a balance sheet account for non-rail property. The rail transportation property accounts shall be so maintained as to show separately expenditures for each authorized addition and replacement project.

If a building or other structure is used primarily for rail transportation purposes, with only a part of it rented to others for noncarrier use, the cost of the rented part should not be cleared from the primary property account. Also, the cost of irregular parcels of land acquired for right of way, which have no value as commercial property, shall not be cleared from rail transportation property accounts either for the purpose of making right of way boundaries regular or to eliminate the cost of unoccupied land.

Revenues. The primary accounts in this grouping are designed to classify all money which a carrier is entitled to receive from rail transportation and from operations incident thereto.

Uncollectible tariff charges for services actually rendered shall be charged to the revenue account previously credited, and the same account shall be credited with proceeds from the sale of unclaimed and refused shipments. Collections in excess of proper charges shall be credited, until refunded, to the revenue account appropriate for the service rendered.

Expenses. Primary accounts in this grouping are designed to classify the expenses of furnishing rail transportation service and of operations incident thereto, including maintenance and depreciation of the plant used in such service.

Income accounts. The accounts in this grouping summarize revenues and expenses and are designed to show for each calendar year, separately for rail and non-rail services, the total amount of money the carrier is entitled to receive for such services, the cost of rendering such services, the accrued return on investments, the amount of accrued taxes and accrued charges for the use of money or other property of others. The net balance of income (or loss) after appropriations of net income shall be transferred to retained income.

Retained income accounts. Primary accounts in this grouping form a connecting link between the income accounts and retained income (surplus) (or deficit) as stated on the general balance sheet, and present an analysis of changes in the retained income (surplus) balance during the calendar year.

General balance sheet. The general balance sheet and related accounts are designed to disclose the carrier's financial condition at the balance sheet date, by reflecting the assets, liabilities, capital stock and related items and the retained income (balance) or deficit of the carrier.

4. Interpretation of Item Lists.

Lists of items have been given as part of the text of the property accounts, the revenue accounts, and the expense accounts to indicate the application of the accounting rules in specific cases. The lists in every case are to be considered as merely representative, and not as excluding from any account analogous items which happen to be omitted from the list. On the other hand, the appearance of an item in a list warrants the inclusion of the item in the account only when the text of the account also indicates inclusion, since the same item frequently appears in more than one list.

5. Submission of Questions.

Since uniformity of accounting results is a basic reason for this system of accounts, carriers shall submit all questions of doubtful interpretation of the accounting rules to the Board of Transport Commissioners for consideration and decision.

6. Operating Property Acquired.

The primary property accounts shall record the cost to construct or acquire rail transportation property. If the consideration given for such property is other than money, the money value of the consideration at the time of the transaction shall be charged to these accounts and a record of the actual consideration, in sufficient detail to identify it, shall be retained.

If the property acquired is constructed by or for the carrier, the cost to be recorded shall include the cost of labour, materials and supplies, work train service, special machine service, transportation, contract work, protection from casualties, injuries and damages, privileges, and other analogous elements in connection with such work. For this purpose the items of cost here referred to are defined as follows:

Cost of labour includes the amount paid for labour expended by the carrier's own employees, including the cost of labour expended for preliminary work, such as sinking test holes or making soundings for tunnels, grading, buildings, and other structures; and cost of labour expended in laying and taking up tracks for temporary use in construction, except the cost of labour expended on tracks provided for the protection of traffic during the progress of addition or replacement work. When officers or employees are specially assigned to construction work, their pay, while thus engaged shall be included in the cost of the work. No charge shall be made against primary property accounts for the pay of officers and employees who merely render services incidentally in connection with extensions, additions, or replacements.

The travelling and other incidental expenses of officers and employees shall be distributed in accordance with distribution of the pay of such officers and employees.

Cost of materials and supplies includes the purchase price of materials and supplies, including small tools, at the point of free delivery, plus the cost of inspection and loading assumed by the carrier, and a suitable proportion of store expenses. (See "Material Store Expenses" under section 15 of these instructions.)

The cost of transportation over the carrier's own line shall not be included except for work train service. In calculating the cost of materials used, proper allowance shall be made for the value of unused portions and of cuttings, turnings, borings, etc.; for the value of the material recovered from temporary tracks, scaffolding, coffer dams, and other temporary structures used in construction; and for the value of small tools recovered and used for other purposes.

Cost of work train service includes amounts paid to others for rent and maintenance of equipment used, cost of labour of enginemen, trainmen, and enginehouse men, including wages of engine crews and train crews held in readiness for such service; and cost of fuel and other supplies consumed in the operation of work trains. It shall also include the cost of maintaining the carrier's own equipment used in construction service, but no charges for depreciation or rent or return upon the investment in such equipment shall be included as a part of the cost of work train service.

Cost of vessel work service includes the amounts paid to others for rent and maintenance of vessel equipment used, cost of labour of crews, including wages of crews held in readiness for service; and the cost of fuel and other supplies consumed in connection with the operating of vessel work service. It shall also include the cost of maintaining the carrier's own vessel equipment used in construction service but no charges for depreciation or rent or return upon the investment in such vessel equipment shall be included as a part of the cost of such work service.

Cost of special machine service includes the cost of labour expended and of materials and supplies consumed in maintaining and operating power shovels, scrapers, rail unloaders, ballast unloaders, pile drivers, dredges, ditchers, weed burners, special off-track machines and other labour saving machines; and also amounts paid to others for rent and maintenance of such machines, but no charges for depreciation or rent or return upon the carrier's investment in such machines.

Cost of transportation includes the amounts paid to other companies or individuals for transporting men, materials and supplies, special machine outfits, appliances, and tools for construction purposes. Freight charges paid foreign lines for transporting construction material to the point of connection with the carrier's line shall be included, so far as practicable, as a part of the cost of the material.

Cost of contract work includes amounts paid for work performed under contract by other companies, firms, and individuals, and costs incident to award of the contract.

Cost of protection from casualties includes expenditures for protection against fire, such as payments for discovery or extinguishment of fires, cost of detecting and prosecuting incendiaries, witness fees in relation thereto, amounts paid to municipal corporations and others for fire protection, and other analogous items of expenditure in connection with construction work.

Cost of injuries and damages includes expenditures on account of injuries to persons or damage to property incident to construction work. It also includes workmen's compensation insurance and that portion of premiums paid for insuring property applicable to the period prior to the completion or coming into service of the property insured. Insurance recovered on account of compensation paid to persons injured incident to construction work shall be credited to the accounts to which such compensation was charged, and insurance recovered on account of damages to property as an incident to construction work shall be credited to the accounts chargeable with the expenditures necessary to restore the damage property. The cost of injuries and damages

incident to the removal of old structures, or parts thereof, shall be charged to the expense account provided for the repair of such structures, except that such costs incurred in the removal of old structures which are encumbrances on newly acquired lands shall be included in the cost of the land.

Cost of privileges includes compensation for temporary privileges, such as the use of public property or streets, in connection with construction work.

Analogous elements of cost includes costs such as those incurred for disposing of material excavated in connection with construction, except that when such material is used for filling, the cost of removal and dumping shall be equitably apportioned between the work for which removal was made and the work for which the material was used.

Cost of equipment for specific construction projects. When a construction project necessitates the purchase of equipment to be used exclusively therein until its work on the project is completed, the cost of such equipment shall be included in the accounts representing the cost of the work, and no charge shall be made to expenses for depreciation on such equipment while the cost remains so charged. The amount realized from any subsequent sale, or the appraised value of the equipment retained after the completion of the work for which it was purchased, shall be credited to the accounts charged with its cost. The appraised value of such equipment retained shall be debited to the appropriate primary account, and thereafter, for the purposes of accounting, such appraised value shall be considered as the cost of the equipment.

7. Additions, Replacements and Major Renewals.

(A) The cost of additions to or replacements of units of transportation property shall be charged to the primary property accounts. When used in this system of accounts:

Additions are additional facilities such as additional equipment, tracks, buildings, bridges, and other structures; additions to such facilities, such as extensions to tracks, buildings, and other structures; additional ties laid in existing tracks, and additional devices applied, such as steam generators applied to diesel locomotives not previously so equipped. When a unit of property is retired from service and replaced with property of like purpose, the newly acquired property shall, for the purposes of these accounts, be considered an addition.

Cost of additions shall be the actual money costs to the carrier.

Changes in line of road. When changes are made in a line of road for the purpose of reducing curves or grades, or to eliminate bridges, tunnels, or other physical features, the part of the line so changed shall be considered property retired and its ledger value credited to the property accounts. The new line of road, including land, grading, ballast, track elements, and other transportation facilities serving it, shall be considered an addition and its cost charged to the property accounts. The cost of such track changes which do not involve units of track structure or change in the existing roadbed shall be charged to expenses, even though the tracks may be dismantled in the process, but resulting track extensions or reductions shall be accounted for as additions or retirements, as appropriate.

Repairs made during property changes. When repairs are made to existing property, the cost of removing old material from equipment, and from buildings, bridges, wharves, tracks, and other fixed improvements, and the cost of new parts plus the labour cost actually incurred, shall be charged to the expense accounts appropriate for repairs to the equipment or facility being repaired.

Such charges shall include the cost of removing old foundations and filling old excavations, of restoring the condition of grounds after construction work, and of maintaining or protecting traffic during the progress of construction work, including the cost of constructing, maintaining and removing temporary tracks required for that purpose.

Relocation of yard tracks. The cost of shifting or rearranging tracks within a yard shall be charged to expenses, even though the tracks may be dismantled in the process, but resulting additions or reductions in grading, ballast, or track length shall be accounted for as additions or retirements, as appropriate, when units of track structure are involved. Dismantled tracks which are replaced by other tracks outside the existing yard shall be retired from the property accounts, and the replacement tracks shall be accounted for as additions.

Replacements include the substitution of one facility by a new facility or another facility either road property or equipment. Replacement of a unit of property involves a write out of the old facility and a write in of the new facility. (See section 9 of these instructions.)

Major renewals. When the cost of renewals to parts of a unit of road property or equipment, exclusive of the expense of dismantling and of repairs of old parts reused exceeds fifty percent of the replacement cost new of a unit of the kind and class as rebuilt at the time of rebuilding, the unit shall be considered as rebuilt. This rule does not apply to renewal of a unit of roadway property the replacement cost new of which does not exceed \$35,000.

The rebuilt unit shall be accounted for as an addition and the old unit accounted for as retired from service. The term "cost of renewals" means the cost of material (other than second-hand parts remaining in the rebuilt unit) plus the cost of labour used in the rebuilding process, exclusive of the expense of dismantling and repairing old parts reused.

The charge to the appropriate road and equipment account for the rebuilt units shall be the sum of (1) the value of the second-hand parts remaining in the rebuilt unit, determined by deducting a fair allowance for depreciation from current prices of new material, and (2) the cost of labour and additional material applied, both exclusive of the expense of dismantling and repairing second-hand parts reused.

When second-hand equipment acquired (not previously owned by the carrier) is in such physical condition that it is necessary to make extensive repairs to it to bring it up to the standard required by the carrier, the cost of such repairs shall be included in the account appropriate for the cost of the equipment.

(B) *Contributions.* Where a portion of the funds expended by or for the carrier has been obtained by appropriations from government funds, or by contributions from individuals or others, the accounting shall be as follows:

(i) *Exclusive property.* The cost of transportation property to which the carrier acquires exclusive title and exclusive right of use shall be included in these accounts without deduction on account of contributions received from others.

Funds received for the construction of transportation property shall be credited to account No. 771, "Donations and grants—railway property", or No. 771NR, "Donations and grants—railway property—United States lines" if appropriated from government funds or contributed by others under a standard form of agreement.

Funds received for projects such as the reconstruction and relocation of tracks and appurtenant facilities in connection with flood control, reclamation, etc., shall be applied first to reduce, or cancel, the amounts which would otherwise be charged to the depreciation reserve for retirements, and the remainder, if any, shall be credited to account No. 771, "Donations and grants—railway property", or No. 771NR, "Donations and grants—railway property—United States lines" if appropriated from government funds.

(ii) *Joint property.* Contributions toward construction of projects involving joint use of facilities by the carrier and others after completion of the project shall not be considered donations and only the cost borne by the carrier in connection with the construction of these projects shall be included in these accounts. In accounting for the cost to the carrier of projects involving joint use of facilities by the carrier and others, such cost shall be first applied to the cost of construction of railway facilities includible in accounts other than account No. 2½, "Other right of way expenditures", or account No. 39, "Public improvements", any remaining balance to be included in account No. 2½ or account No. 39, as may be appropriate.

Illustrations of joint projects referred to are:

- (1) Jointly owned tracks, interlockers, etc.
- (2) Construction for widening of highways, spillways, drainage canals, farm and other private passes, pipe lines, drains, and other facilities across the carrier's right of way.
- (3) Construction of overhead or undergrade crossings.
- (4) Installation of warning signals to protect highway traffic.

(C) *Unit of property.* The term "unit of property" means those items of property that are included in the list of Accounting Units of Property for Railways. It will be noted from the aforementioned list, a unit is not necessarily a complete structure, but may be a part of a complete structure where (i) such part is a physically distinct part of the structure and (ii) the amount of money involved is material. The units listed are to be considered representative and not excluding from any account analogous units which are omitted from the list. Where additional units are desired in a given account, appropriate designations may be selected, preferably from a list in other accounts. It is contemplated that the list of units contained herein will be revised and amended from time to time as experience and conditions warrant.

(D) *Minimum rule.* When road property (other than land and tracks) is acquired, the cost of which is less than \$1,000.00, the cost shall be charged to expenses. When a property change involves the replacement of a unit of road property and such replacement cost is less than \$1,000.00, the replacement cost shall be charged to expenses.

In the case of equipment, if the cost of acquisition is less than \$500.00, such cost shall be charged to expenses. When a change involves the replacement of a unit of equipment and such replacement cost is less than \$500.00, the replacement cost shall be charged to expenses.

The carrier shall not combine unrelated items of property for the purpose of excluding them from this rule, nor shall expenditures made under a general plan for related items costing \$100.00 or more per item be parcelled out into smaller parcels for the purpose of bringing the accounting within this rule.

The carrier may for the purpose of its accounting adopt a limit of less than the aforementioned amounts provided it first files a request with the Board of Transport Commissioners and obtains from the Board permission to adopt a lower limit. No subsequent change is to be made in the amount of the limit except by authority of the Board of Transport Commissioners.

(E) *Track structure.* In the case of each element of track structure the following rules shall apply:

Programming. Replacements of the elements of track structure are normally controlled through budget appropriations, which are programmed. In general the units of track structure replaced on a programme basis are subject to write-in write-out accounting.

Ties. The cost of ties laid in additions to, or extensions of track shall be charged to account No. 8, "Ties".

Replacements of ties shall be programmed (except in the case of wrecks, rockslides, washouts, etc.) and the cost of the ties installed shall be charged to, and the cost of the ties retired shall be credited to account No. 8, "Ties". In the case of ties retired, the cost to be credited to this account will be the cost of the first ties placed in service and not previously retired.

Rail. The cost of rail laid in additions to, or extensions of track shall be charged to account No. 9, "Rails".

New rail installed as replacement shall be programmed where more than 1,000 continuous feet of existing track (i.e. 2,000 feet of single rail) is to be replaced, and the cost shall be charged to account No. 9, "Rails".

Relay rail installed as replacement shall be programmed where more than 1,000 continuous feet of track is to be replaced, and the cost shall be charged to account No. 9, "Rails" where:

- (a) The unit cost of relay rail being installed differs from the unit cost of the rail being released, or
- (b) The relay rail being installed is heavier than the rail being released.

The cost of the rail being retired shall be credited to account No. 9, "Rails". The cost for retirement purposes is the cost per ton of the rail first placed in service and not previously retired; or alternatively, the cost of the rail being replaced where complete records are kept of such information.

Other track material. The cost of other track material installed in additions to, or extensions of track shall be charged to account No. 10, "Other track material".

Other track material installed in conjunction with rail replacements requiring a rail investment change shall be programmed and the cost shall be charged to account No. 10, "Other track material".

The cost of other track material released from track in connection with a rail investment change shall be credited to account No. 10, "Other track material". The cost for retirement purposes shall be determined by applying to the cost of the other track material installed, the ratio developed by relating the cost of rail retired to the cost of the rail installed.

Ballast. The cost of ballast placed in additional track or placed in 1,000 continuous feet of existing track shall be charged to account No. 11, "Ballast".

Ballast placed as replacement in 1,000 continuous feet of track shall be programmed, and the cost shall be charged to account No. 11, "Ballast".

Work train expense on the railway subdivision applicable to the distribution of ballast shall be accumulated as part of the ballast programme cost, and accounted for as such. Work train expense applicable to removal of old ballast is chargeable to maintenance expense.

The quantity of ballast retired shall be assumed to be equivalent in amount to ballast being placed in track. If, however, the carrier has knowledge that the ballast laid is not the same approximate depth as was in existence on the section of track being reballasted, the retirement shall be made on the basis of an engineering estimate of the original quantity in place.

The cost of ballast retired shall be credited to account No. 11, "Ballast". The cost for retirement purposes is the cost of ballast first placed into service and not previously retired.

Track laying and surfacing. The cost of track laying and surfacing in connection with additions to, or extensions of track, shall be charged to account No. 12, "Track laying and surfacing".

Labour cost and work train expenses relating to ties, rail and other track material replacements are to be charged to maintenance expense.

The cost of track laying and surfacing applicable to track being retired and not replaced shall be credited to account No. 12, "Track laying and surfacing".

Grading. The cost of grading in additions to, or extensions of track shall be charged to account No. 3, "Grading". The cost of replacements specified as units of property shall require a write-in of the new facility and a write-out of the retired facility.

The cost of grading being retired and not replaced shall be credited to account No. 3, "Grading".

Restoration of grading (bank restoration work) carried out for the purpose of maintaining the standard cross-section shall be charged to expenses.

(F) *Roadway small tools.* The cost of additional small tools provided for road maintenance shall be charged to account No. 38, "Roadway small tools", except as excluded therefrom under the minimum rule. The cost of replacements shall be charged to expenses.

The cost of small tools being retired and not replaced shall be credited to account No. 38, "Roadway small tools".

(G) *List of accounting units of property for railways.* This list of units is established for the purpose of designating the items of property the cost of which shall be written out of road and equipment accounts when the property is retired and replaced. When property is retired and not replaced the cost

thereof shall be written out of road and equipment accounts whether or not it constitutes a unit as established in this list. All items listed are subject to the respective minimum accounting rule applicable to each.

The cost of replacing minor items, i.e., the component parts of which units of property are composed, shall be charged to expenses.

The cost of additional units of property, or of additions to units of property in the form of minor items, shall be charged to road and equipment accounts, except as excluded therefrom under the minimum rule.

3. *Grading.*

A retaining wall	}	Each entire installation.
Riprap (hand placed)		
A protecting dyke		
A protecting crib		
A wing dam		
A revetment		
Mattress		
Pipe or other structures to provide drainage		

5. *Tunnels.*

The entire masonry, entire timber, and entire metal lining of a tunnel or subway, including portals and wing walls.

Drainage—Each entire installation.

Lighting—Each entire installation.

Ventilation—Each entire installation.

6. *Bridges and culverts.*

A steel superstructure.

A concrete or stone substructure.

A concrete trestle, a complete bridge or approach.

A timber trestle, a complete bridge or approach.

Complete machinery for operating a movable span.

A protecting dyke

A protecting crib (a fender)

A wing dam

A complete culvert.

} Each entire installation.

7. *Elevated structures.*

Any applicable units listed under account No. 6, "Bridges and culverts".

8. *Ties.*

Each tie laid in programmed work.

9. *Rails.*

New—2,000 feet of rail (1,000 continuous feet of track) in programmed work.

Relay—2,000 feet of rail (1,000 continuous feet of track) in programmed work.

10. *Other track material.*

Other track material installed in conjunction with rail replacements requiring a rail investment charge.

11. *Ballast.*

Ballast for 1,000 continuous feet of track in programmed work.

13. *Fences, snowsheds and signs.*

A complete snowshed.

One continuous mile of right of way fence.

One continuous mile of permanent sand or snow fence.

16. *Station and office buildings.*

A complete building, including attached platform.

A complete platform structurally detached from a building.

Each retaining wall installation.

Each timber trestle installation.

Each coal pocket installation.

Each outside steam, water, air, etc., pipe line installation.

Each storm or sanitary sewer installation.

A complete fence.

Paving—Each complete installation.

A station stockyard—Each complete installation.

A track scale—fixed.

A track scale pit.

A fixed outside crane or conveying system for handling freight.

Any applicable units listed under other accounts.

16½. *Station and office buildings—movable equipment.*

A mobile track scale.

A mobile outside crane or conveying system for handling freight.

A motor truck.

A motor tractor.

Any applicable units listed under other accounts.

17. *Roadway buildings.*

Any applicable units listed under account No. 16, "Station and office buildings" and account No. 59, "Shop machinery".

18. *Water stations.*

A complete water supply piping system.

A dam or reservoir.

A pump house.

Pumping machinery—Each complete installation.

A water tank—Each complete installation.

A complete track trough at one location.

A water crane—Complete with pit.

A water treating plant.

19. *Fuel stations.*

A trestle-type coaling station.

Mechanical coaling station—Each complete installation.

A complete fuel supply system, including appurtenances.

A pump house.

A fuel oil storage tank (large).

20. *Shops and enginehouses.*

A complete building, including attached platform.

A complete platform structurally detached from a building.

A turntable.

A turntable pit.

A transfer table with machinery.

A transfer table pit.

- A cinder pit—Each complete installation.
- A sand storage and handling and drying apparatus.
- Outdoor bins complete—Each complete installation.
- A smoke stack not mounted on boiler.
- A lorry track system (outside).
- A boiler washing plant—Each complete installation.
- An overhead crane—outside.
- Each outside pipe installation, steam, air, water, etc.
- Each sewer installation, storm or sanitary.
- Paving—Each complete installation.
- Each shop fence or wall installation.
- Any applicable unit under account No. 16, "Station and office buildings".

21. *Grain elevators.*

- A complete building, including attached platform.
- A complete platform structurally detached from a building.
- A conveyer system complete.
- An elevator system complete.
- A blowing system complete.
- For additional items see account No. 16, "Station and office buildings", and account No. 59, "Shop machinery".

22. *Storage warehouses.*

- A complete building, including attached platform.
- A complete platform structurally detached from a building.
- For additional items see account No. 16, "Station and office buildings", and account No. 59, "Shop machinery".

23. *Wharves.*

- A timber float bridge.
- A steel float bridge.
- A wharf (including pile clusters).
- A timber incline.
- A bulkhead.
- Jetties or breakwater.
- Ferry racks (including pile clusters).
- Float racks.
- Each complete machinery installation.
- Car dumper complete.
- Timber bridges.
- Steel bridges.
- A loading or unloading machine complete.
- Each coal or ore pocket installation.
- For additional items see accounts No. 3, "Grading"; No. 6, "Bridges and culverts"; No. 16, "Station and office buildings"; No. 20, "Shops and enginehouses"; and No. 59, "Shop machinery".

26. *Communication systems.*

- A complete mile section or complete installation if less than a mile of pole line including cross arms, wires and appurtenances.
- Each mile or complete installation of cable with associated parts.
- Each mile or complete installation of conduit with associated parts.

A complete tower.

A complete installation at each location constituting a separate means of communication, such as radio, radar, carrier telephone, teletype, or other communication systems.

For additional items see account No. 16, "Station and office buildings".

27. *Signals.*

A signal system installation complete, or section thereof, with associated parts, including masts, batteries, relays, ladder, etc.

A complete mile section or complete installation if less than a mile, of pole line including cross arms, wires and appurtenances.

Each mile, or complete installation if less than one mile, of cable with associated parts.

Each mile, or complete installation if less than one mile, of conduit with associated parts.

Switch movement with associated parts.

A complete building.

An interlocking plant complete (excluding machine).

An interlocking machine.

Signal bridge complete.

Each highway crossing protection installation complete.

Each car retarder installation complete.

A traffic control or C.T.C. system installation complete.

29. *Power plants.*

Any applicable units listed under account No. 16, "Station and office buildings", and account No. 20, "Shops and engine-houses".

31. *Power transmission systems.*

A continuous mile, or a separate installation if less than a mile, of catenary complete including catenary hangers, trolley wire and appurtenances.

A continuous mile, or a separate installation if less than a mile, of transmission line, including poles, wires, transformers, switches, and other appurtenances.

Each outside steam, air, etc., pipe line installation.

A manhole.

Substation or switching station complete.

Each mile, or installation if less than a mile, of third rail.

A catenary bridge or support.

A high-tension transmission tower.

Any applicable units listed under account No. 26, "Communication systems", and account No. 27, "Signals".

35. *Other structures.*

Any applicable units listed under other accounts.

37. *Roadway machines.*

Each roadway machine complete including accessories.

39. *Public improvements.*

Any applicable units listed under other accounts.

51. *Steam locomotives.*

A complete locomotive.

A locomotive, exclusive of tender.

A tender.

A locomotive booster.

52. *Diesel locomotives.*

Diesel electric—Lead or booster, i.e., "A" or "B" units.

Diesel electric—Spare motors, and other major spare components.

52½ *Other locomotives.*

Electric locomotive.

Gasoline locomotive.

Gas turbine locomotive.

53. *Freight train cars.*

A complete car.

Motor equipment of a motor driven car.

A propulsion motor, including generator.

A freight container, complete.

54. *Passenger train cars.*

A complete car, including interior furnishings.

Motor equipment of a motor driven car.

A propulsion motor, including generator.

56. *Vessels.*

A complete vessel or boat, exclusive of machinery.

Machinery:

A boiler.

A motor.

An engine.

57. *Work equipment.*

(a) Rail equipment:

(1) A complete car or machine.

(2) A boiler.

(3) An engine.

(4) A motor.

(5) Machinery equipment (with or without tractive machinery) such as concrete mixer, snow plow, derrick, steam shovel, or pile driver.

(6) A complete motor equipment.

(b) Vessel equipment:

(1) A complete vessel or boat.

(2) A boiler.

(3) An engine.

(4) A motor.

Any applicable units listed under other accounts.

58. *Other equipment.*

A complete vehicle.

59. *Shop machinery.*

A machine (including foundation and motor, if any), such as lathes, shapers, slotters, boring machines.

lathes, shapers, slotters, boring machines.

Equipment, such as ash handling.

A furnace.

A boiler installation complete.

A motor vehicle used in shops only.

Testing equipment.

Overhead crane, complete.

60. *Power plant machinery.*

A power plant machine, including foundation, such as a turbine, rectifier, dynamo, generator.

Any applicable unit listed under account No. 59, "Shop machinery".

3. Adjustment for Converted Property.

If a unit of property by its transfer from one class of service to another, with or without physical conversion, becomes includible in a primary investment account other than that in which it has been carried, it shall be accounted for as retired.

In accounting for the retirement of such a unit the retirement accounting should be on a basis consistent with the accounting which would be proper if the carrier were to make no further use of it, as in the case of demolition or sale. Following this principle, the salvage value to be used in calculating the service value shall be the ledger value of the unit less an allowance to reflect consumed, expired or lost usefulness and in no case shall it be less than the estimated value of the scrap and reusable parts which would be recovered if the unit were dismantled. In calculating this salvage value, the amount which would have been paid, had the old unit in its second-hand condition been purchased from another company, and the further use which it is contemplated will be made of the unit after conversion, are factors to be given consideration.

In accounting for the unit as converted, its ledger value shall be the estimated salvage value used in the retirement accounting less any salvage recovered and not used in the conversion process plus all expenditures for labour and material necessary to fit the unit for its future use, but not in excess of the cost (at current market prices of labour and material) of a new unit of equal capacity and equal expectation of life in service, less a suitable allowance on account of the second-hand portions remaining therein.

9. Operating Property Retired.

(A) When land or a unit of property (road or equipment) is retired from transportation service, the ledger value shall be cleared from the appropriate primary property account and the service value accounted for as hereinafter provided. For this purpose the terms used are defined as follows:

Ledger value is the amount which at the time of retirement is charged to a primary property account with respect to land or the unit of property being retired. In case the value of any item of property is not shown separately in the records, the ledger value of that item shall be its proportionate share of the value of the entire group in which the particular property is included.

Service value as applied to property means the ledger value thereof less the value of the salvage and insurance recovered therefrom. In a case where the insurance recovery and salvage exceeds the ledger value, the total credit to the property account shall not exceed the ledger value.

Value of salvage includes the amount received for property retired, or for the material salvaged therefrom, if sold. When salvaged material retained for use by the carrier is charged to account No. 716, "Material and supplies", or other accounts of this system of accounts, the value shall be determined by deducting a fair allowance for depreciation from the price of the material as new. If the retired property is held without being demolished, the estimated value of the salvage therefrom shall be included in account No. 722, "Other deferred assets", until the salvage is recovered.

Property retired means a unit of property whether replaced or not, or property classified as "less than a unit" and not replaced, which is sold, abandoned, demolished, dismantled, or otherwise withdrawn from transportation service.

(B) If the unit of property being retired is classified as depreciable, the service value shall be charged to the depreciation reserve.

The value of salvage shall be charged according to the disposition of the recovered material. The cost of dismantling or demolishing retired property and of recovering salvage shall be charged to expense accounts No. 270, "Dismantling retired road property", No. 306, "Dismantling retired shop and power plant machinery", or No. 329, "Dismantling retired equipment".

Concurrently with the accounting for the retirement of property other than land, an equitable proportion of any applicable balances in primary property accounts 1, and 71 to 77, both inclusive, shall be credited thereto and charged to accrued depreciation.

(C) *Leased property.* When depreciable road property or equipment used but not owned, the rent for which is includible in account No. 542, "Rent for leased roads", is retired from service, the service value of such property shall be charged to the depreciation reserve account by either the lessee or lessor, as may be appropriate having regard to the contract between the lessor and the lessee.

The ledger value of retired property shall be credited by the lessor (to account No. 701, "Road and equipment property", or to account No. 701NR, "Road and equipment property—United States lines") or by the lessee (to account No. 702, "Improvements on leased property", or to account No. 702NR, "Improvements on leased property—United States lines") as may be appropriate having regard to the contract between the lessor and lessee. The salvage shall be accounted for by the company that has title thereto and charged in accordance with the disposition of the material recovered.

The lessee shall furnish the lessor such information as is required to perform the necessary accounting.

(D) *Land retired.* When land is no longer required for transportation purposes but is retained by the carrier, its ledger value shall be transferred from account No. 2, "Land" to account No. 705NR, "Non-rail property". When sold, the difference between the ledger value credited to account No. 2, "Land" and the amount received for the land shall be adjusted through account No. 607, "Other credits", or No. 621, "Other charges", as may be appropriate.

10. Rail and Non-Rail Operations.

Under section 387, subsection 3 of the Railway Act as amended, assented to 21st December 1951, the Board of Transport Commissioners are required to prescribe the items that shall be classed as relating to railway operations in the accounts and returns.

To assist the carrier in assembling the results of rail operations, provision is made in this classification for the segregation of Canadian rail and non-rail items. The accounts pertaining to Canadian rail operations are prescribed and guidance is given for summarizing the accounting for those operations which are other than Canadian rail. The carrier will, without doubt, require considerable refinement in accounting for these other than Canadian rail operations, but it is not the intention of the Board of Transport Commissioners to offer any specific direction in this accounting, beyond indicating the segregation required.

Revenue, expenses, assets and liabilities pertaining to operations involving the use of such facilities as hotels and restaurants, power plants, coal storage plants, wood preserving plants, ice supply plants, etc., shall not be included in the rail accounts of this classification when the facilities used are distinct from those used by the carrier in Canadian rail transportation service or in the maintenance of facilities used in Canadian rail transportation service and the operations are not incidental to such service. Such operations are to be included in the non-rail results of the carrier.

The various operations have been set forth below in this classification of the accounts which together with general instructions will assist in the segregation of the Canadian rail and non-rail operations of the carrier.

(a) *The following operations are classified as Canadian rail operations:*

1. Express operations on the railway. (see "c" below)
2. Cartage operations which transport by automobiles, trucks, etc., express and freight either to or from railway terminals. Such cartage operations shall include highway transportation when the operation forms an integral part of the transportation service, and the carrier uses this form of transport to expedite shipments, improve service, or reduce costs. (see "c" below)
3. Electric lines services.
4. Passenger bus service where such service connects with rail points or completes a rail haul and forms an integral part of the rail business of the carrier. (see "c" below)
5. Steamship and barge service on British Columbia lakes and rivers.
6. Financial paper operations presently conducted by express divisions of the railway.
7. Wharves, docks and freight handling equipment.
8. Grain elevators on rail lines, except grain elevators operated by partly owned subsidiary companies.
9. Lines in United States which comprise short ends or interchange points or parts of a continuous Canadian line which passes through the United States due to the geographical locations of terminal points. (Accounts for these lines shall be in accordance with the uniform system of accounts for railroad companies as prescribed by the Interstate Commerce Commission, unless the Interstate Commerce Commission gives the carrier permission to adopt the Canadian accounting classification.)

10. Affiliated Canadian railway companies or terminal companies which are jointly owned.
11. Leased railway companies included in Canadian rail operations.
12. Communications services, including rail and commercial services. (see "c" below)

(b) *The following operations are classified as non-rail:*

1. Overseas express service.
2. Passenger bus service where such service is not an integral part of the rail transportation system, and urban bus services.
3. Highway freight transportation service; which is not included as cartage service (a) (2), and which operate separately and do not complete railway transportation service or form an integral part of such service.
4. Steamships services, on the Great Lakes, Atlantic and Pacific coasts or ocean service.
5. Hotel services.
6. Public stockyards and other public cold storage plants, abattoirs and fruit terminals.
7. Airlines services.
8. Affiliated American railways not described under item (a) (9).
9. Land operations which include the sale of properties, including those acquired as land grants; also the revenues, expenses, assets and liabilities pertaining to these properties.

While the foregoing lists are not exhaustive, they will indicate to the carrier the general basis of division between Canadian rail and non-rail projects. Where the carrier is uncertain as to the classification of a specific operation a ruling is to be requested from the Board of Transport Commissioners.

It is recognized that certain services which may have been classified as Canadian rail, perform services for operations classified as non-rail. The carrier should include all revenues and expenses of the specified operation in the section of the accounts under which it has been so classified, and make a charge to the non-rail accounts appropriate to the services rendered. The same rules should apply, in reverse, if the service performed is classified as non-rail.

In order to separate the Canadian rail operations from the non-rail operations the income accounts have been subdivided where necessary to provide accounts for non-rail items. The accounts provided for such items are designated "non-rail" and the account numbers carry a suffix "NR".

(c) *Express, communications and highway transport (rail) services.*

The Board of Transport Commissioners have prescribed the above services as rail, although heretofore carriers have not uniformly considered these to be rail operations. In the past carriers have usually maintained separate accounting for each of these services following recognized accounting manuals in recording revenues, expenses, assets and liabilities of the respective services. Some of these facilities have operated under separate corporate structure other than the railway company's charter.

In reporting operating results to the Board of Transport Commissioners, the carrier will be required to report the aforementioned services departmentally as follows:

	<i>Revenue</i>	<i>Expenses</i>	<i>Net</i>
Railway	xx	xx	xx
Express	xx	xx	xx
Commercial Communications ..	xx	xx	xx
Highway Transport (Rail)	xx	xx	xx
	—	—	—
Total	xx	xx	xx
	==	==	==

In addition the carrier will be expected to keep the necessary revenue and expense accounts in such detail as has been necessary heretofore to report the operating results of each of these services. It will be observed that the caption "rail" is defined to include railway, express, commercial communications, and highway operations classified as rail. Rail primary revenue and expense accounts have been provided to record express, commercial communications and highway transport business classified as rail. In this connection carriers are reminded that where one service performs service for another, appropriate charge should be made, as for instance where commercial communications provides service for the railway operations.

In compiling the carriers' Annual Report to the Board of Transport Commissioners, if the aforementioned services in section (c) are performed through the medium of separate companies, it will be necessary for the carrier to (a) consolidate the balance sheets of the companies so integrated or (b) provide a statement of rail services showing the property investment and related depreciation reserves, thus setting forth the carrier's net investment in rail property.

11. Depreciation Accounting.

(a) There shall be charged monthly to expenses or other appropriate accounts and credited to the accounts for accrued depreciation amounts which will approximate the loss in service value of depreciable property not restored by current maintenance or recoverable by insurance. The amounts to be charged as depreciation shall be determined under a system which will allocate the service value of the property over its estimated service life in a systematic and rational manner. The service value of the assets, for depreciation purposes, shall be their cost less their estimated salvage value. In determining the amount of the allocations, consideration may properly be given to pertinent factors such as annual variations in use, increasing obsolescence or inadequacy, although the amount of depreciation is not intended to be a valuation or a measurement of the effect of all such occurrences. The charges for depreciation shall be computed in conformity with the group plan under the straight-line method or the "user" or unit of production method.

(b) The service life is the period of time between the installation of the property and its retirement for accounting purposes.

The group plan is the plan under which depreciation charges are accrued in respect of the classes of property included in a primary account or in a group of primary accounts by applying a composite rate of depreciation determined upon the basis of the aggregate service value and properly weighed service lives of such classes of property. Under the group plan of depreciation

accounting the full service value of a unit of property is chargeable to the appropriate accrued depreciation account upon its retirement whether or not it has attained the average service life.

(c) All primary accounts under road and equipment general account I Road, (with the exception of accounts No. 2, "Land" and No. 47, "Unapplied construction material and supplies"), and their proportions of general overhead accounts No. 71 to No. 77 inclusive, are classed as depreciable accounts. For the purpose of the group plan of depreciation accounting, the depreciable accounts may be grouped according to the nature of the properties included therein.

All primary accounts under road and equipment general account II, Equipment, are classed as depreciable accounts. No proportion of general overhead accounts No. 1 and No. 71 to No. 77, inclusive, shall be assigned to equipment accounts.

(d) Monthly depreciation charges under the straight-line method shall be computed by applying the annual percentage rate to the depreciation base as of the first of each month and dividing the result by twelve.

Monthly depreciation charges under the "user" or unit of production method shall be computed by applying the appropriate rate per unit for the year to the number of units of use or production for the month.

(e) Separate composite rates for each primary account or each group of primary accounts shall be used in computing depreciation charges. Such composite rates shall be those which are from time to time approved by the Board of Transport Commissioners except that where no rates for any class of property have previously been approved for the carrier's use by the Board, the carrier's estimate of composite rates shall be used prior to the date such rates are approved by the Board of Transport Commissioners.

(f) As soon as the information can be assembled the carrier shall file with the Board of Transport Commissioners, composite rates estimated to be appropriate for each primary account or each group of primary accounts covering depreciable property. These rates shall be based on the estimated service values and estimated service lives of the property developed by a study of the carrier's history and experience and such engineering and other information as may be available with respect to future conditions. Such rates shall, for each primary account or group of primary accounts comprised of more than one class of property, produce a charge for depreciation equal to the sum of the amounts that would otherwise be chargeable as depreciation for each of the various classes of property included in such account or such group of accounts. The rates when filed shall be accompanied by a statement showing the bases therefor and the methods employed in their computation and may be developed by the carrier by the method deemed most appropriate for the portrayal of the depreciation experienced.

(g) The carrier shall keep such records of depreciable property and property retirements as will reflect the service life of property which has been retired, or will permit the determination of service life indications by mortality, turnover, or other appropriate methods; also such records as will reflect the percentage of value of the salvage for property retired from each class of depreciable property. The carrier shall be prepared at any time, upon direction of the Board of Transport Commissioners to compute and submit for its approval revised rates in cases where existing rates are deemed inapplicable.

(h) In the event rates approved by the Board of Transport Commissioners, in the judgment of the carrier, became no longer applicable, the carrier shall in like manner file revised rates which in its judgment should be established. Where property is acquired for which no rates have been approved the carrier shall immediately compile and submit to the Board of Transport Commissioners appropriate estimates developed in accordance with the provisions of subparagraph (f) of these instructions.

(i) The owning carrier shall include in the depreciation accounts in expenses the charges for depreciation of depreciable property jointly used with one or more other carriers. The owning carrier shall credit and each using carrier shall charge the appropriate joint facility accounts in operating expenses with the amounts billed by the owning carrier against each using carrier representing service value of property jointly used whether billed currently as depreciation under a method agreed by the joint users or when retirements occur. The using carriers shall be required to account for depreciation or retirement of units of road property, jointly used but not owned, only to the extent of their contract liability. The same principle shall apply to terminal companies and their non-owner tenants in accounting for depreciation accruals or retirement charges recorded in the accounts of the terminal companies.

(j) Leased property—the carrier shall include in expenses charges for depreciation on road property and equipment used but not owned the rent for which is includible in account No. 542, "Rent for leased roads", and shall maintain the same records of service lives, salvage values, etc., as provided for owned road property and equipment. If settlement between the carrier and the lessor is not currently made, the amount of the depreciation accrued during the period of the lease shall be credited by the carrier to account No. 779, "Accrued depreciation—road and equipment", or to account No. 779NR, "Accrued depreciation—road and equipment—United States lines", as may be appropriate.

The carrier shall not include in the depreciation account in expenses any charges for depreciation of equipment used but not owned when the rents therefor are included in the rent for equipment and joint facility rent accounts.

12. Cost of Repairs.

The cost of repairs to be included in the several maintenance accounts for both road property and equipment shall include the cost of inspecting to determine what repairs are necessary; the cost of adjusting, repairing, or replacing parts; and the cost of inspecting, testing, and running of parts to determine that repairs were properly made and that the repaired item is ready for service. (See "repairs made during property changes" under Instruction 7.) Incidental costs such as the construction and removal of false work in connection with maintenance; the cost of mowing and beautifying grounds around buildings; the cost of repairing fences, sidewalks, driveways, and streets within or adjacent to such grounds; cost of removing snow from roofs of buildings (when not removed by those employed in the buildings); the cost of periodical restoration of seasonal features, such as gardens, shrubbery, and lawns; the cost of operating hothouses in connection with the work of beautifying grounds; and the cost of clearing and removing casual encumbrances, such as ice, snow, and fallen timber; shall all be included in the cost of repairs.

The carrier is directed to the simplification of the accounting for section force labour which provides that such labour cost shall be charged to account No. 202, "Track and roadway maintenance" when a section man's time on any

other incidental service amounts to four hours or less in any one work day, except for labour in connection with removing snow, ice and sand (account No. 272) or in connection with fences, snowsheds and signs (account No. 221).

For purposes of the maintenance accounts the elements of expense comprising cost of repairs; such as labour, material and supplies, work train service, vessel work service, special machine service, transportation contract work, privileges, protection from casualties, injuries and damages, and other analogous items; shall be as comprehensive as outlined in Instruction 6 for similar elements comprising cost of operating property acquired. Royalties paid for patent rights on mechanical appliances used in repairs shall be included in the cost of repairs.

Equalization of maintenance expenses. The cost of maintaining road and equipment shall be included in the appropriate primary accounts in the month in which the expense is incurred. In case the carrier adopts a budget or estimate for all or a part of the calendar year of expenses includible in one or more primary maintenance accounts or for the general accounts, road maintenance and equipment maintenance, an equitable monthly proportion of the difference between the budgeted or estimated expenses and the actual expenses chargeable each month may be debited or credited as appropriate to account No. 280, "Equalization—road", or account No. 338, "Equalization—equipment", with contra entries in account No. 773½, "Equalization reserves". If certain primary accounts only are budgeted the carrier's records shall show for amounts included in the equalization accounts the amount of the equalization assignable to each such primary account.

13. Insurance.

Provision is made within each general expense account for the cost of insurance relating to risks involved in the activities embraced by the general account. Premiums paid to commercial insurance companies for protection against such risks shall be charged to the appropriate primary insurance account and amounts recovered from such insurance shall be credited to the account or accounts chargeable with the related loss.

The same primary expense accounts shall be charged with estimated amounts in lieu of commercial insurance premiums, if the carrier elects to create and maintain reserves for self insurance. A schedule of risks covered by self insurance shall be kept, showing the character of risk and the rates used to compute the estimated charges. The rates shall not exceed commercial rates for the same protection. Claims paid, damages suffered, repairs made, or loss because of property retired, when covered by the self insurance schedule, shall be charged to the insurance reserve.

If the carrier reinsures self carried risks with a commercial insurance company, premiums for such policies shall be debited to the insurance reserve and recoveries under the policies shall also be credited thereto. Insurance costs relating to rented property shall be charged to the same account as other expenses incurred for such property. Insurance costs incurred in connection with construction of road facilities or equipment shall be included as part of the cost of construction, except that if general coverage cannot be assigned to particular roadway buildings or facilities, the cost shall be charged to account No. 43, "Other expenditures—road".

14. Joint Facility Accounts.

Joint facility accounts are provided in this system to record settlement between the carrier and other carriers or governmental authorities which share the cost of joint use of tracks, yards, and certain other facilities, without disturbing the primary account distribution by the carrier which incurs the expense to be shared. For example: the carrier which maintains a joint yard shall charge the maintenance expense to the same primary expense accounts that would be used if no other carrier shared such expense. This primary distribution is not to be changed but, to the extent that others assume such maintenance, the general account for road maintenance shall be reduced by credit to the joint maintenance account provided for that purpose. Correspondingly, a using carrier which shares the expense but does not maintain the joint yard, shall charge its payments to the debit account for joint maintenance.

The same procedure shall be observed in connection with maintaining equipment at joint terminals, with operating joint yards, and with operating joint tracks and facilities. Appropriate debit and credit accounts are provided for each such settlement. However, line haul train service is not a joint facility for this purpose, even if operated for the benefit of more than one carrier jointly, and joint facility accounts shall not include expenses chargeable to train operating account Nos. 392 to 403, both inclusive. Amounts billed against other carriers for such train operating expense shall be credited to the primary accounts which were charged with the expense.

To preserve the integrity of expense grouping by general accounts, joint facility debit and credit accounts are also provided for settlement of expenses relating to joint use of certain miscellaneous facilities and for settlement of general expenses incident to maintaining and operating joint yards, tracks, other line facilities and joint facility rents. It is imperative that joint facility credit accounts shall not include any amounts not also debited to the group of primary accounts to which the joint account is assigned. Also, joint facility bills by the creditor carrier shall show distribution of the charges and this distribution shall be adhered to by the debtor carriers.

Debit and credit accounts are provided for settlement of joint facility revenues in the revenue account. When the compensation for the use of joint facilities is a fixed amount or is based on a charge per passenger, ton, car, or other arbitrary unit, it shall be fairly apportioned by the creditor between the joint rent account and other appropriate joint facility expense accounts and the debtor carrier shall adhere to that apportionment.

15. Clearing Accounts.

Since certain types of expenses relating to both operations and construction can not be equitably distributed directly to any particular property investment or expense account, clearing accounts are provided for the purpose of assembling and distributing such expenses to the proper primary accounts. It is not intended that such clearing accounts shall be more than ledger accounts to be closed out each month, or, if the carrier elects to distribute the charges each month on an equitable percentage basis, balances in such clearing accounts shall be closed before the year end balance sheet is prepared. The clearing accounts have no prescribed numbers or titles but each shall be designated to show the nature of the charges assembled in it for distribution and to distinguish by geographical locations between the same function conducted in several distinct areas.

Clearing accounts shall be used for operations listed below and for similar operations not directly related to rail transportation but necessary to the maintenance or operation of rail transport facilities. If the facility being operated is one for which no primary property or maintenance accounts are provided, the clearing account is intended to include all costs of any sort which would not be incurred except to further the project for which the account is maintained and all values of any sort likely to be consumed in the development of that project.

Gravel and sand pits and quarries. When a gravel or sand pit or quarry is opened for operations likely to extend over a long period of time, charges to a clearing account for it shall include all expenses incurred in entering upon the land and removing the gravel or sand; the loss in value of the land due to the removal; the cost less estimated salvage of track material (including switches and signals) and of special machines for digging and loading sand or gravel; and the cost of repairs necessary to any facility used in the pit or quarry during its operation. Such costs, representing the indirect cost of output, shall be distributed as part of the production cost of the pit or quarry each month in the ratio that the month's output bears to the total estimated yardage to be recovered. Direct costs of production, such as labour, fuel, and supplies consumed during the month shall be assembled in the clearing account and the total of both direct and indirect costs distributed according to use made of the month's output.

When any portion of the product of a pit or quarry, which is in operation primarily for the carrier's own use, is sold, the total production cost of the part sold, both direct and indirect as explained above, shall be credited to the clearing account. Any profit realized over such cost shall be credited to miscellaneous revenues. A pit or quarry not used in the carrier's rail transportation service shall be classified as Non-rail property.

Power plant operations. The accounting for the expenses of maintaining and operating an electric, steam or other power plant (both building and machinery) shall be determined by the purpose for which the power produced is used.

When the power plant is intended and used for producing power solely for the carrier's own operations and the cost of operating the plant is chargeable to clearing account "Shop expenses", or to any one specific account for expenses, the expenses of maintenance shall be charged to the appropriate maintenance accounts, and the cost of operation to the account appropriate according to the use of the power.

When the power from such a plant is properly chargeable to more than one account, the expenses of maintaining and operating the plant shall be included in a clearing account "Power plant operations". The expense of maintenance shall be cleared from that account to the appropriate maintenance accounts for expenses. The expenses of operation shall be apportioned to the appropriate accounts upon the basis of quantity of power used for the various purposes.

When a part of the power produced by a power plant is sold and the remainder is used in the carrier's own operations, the cost of maintaining and operating the plant shall be charged to a clearing account. The expense of maintenance shall be cleared from that account to the appropriate maintenance account in expenses. The proportion of the expenses of operation assignable to the power sold, on the basis of ratio of quantity of power sold to total quantity of power produced, shall be credited to this clearing account and charged to account No. 446, "Other operations". The remainder of the cost of operation shall be distributed to the appropriate expense accounts for the carrier's own operations, in the manner indicated in the preceding paragraphs.

When power plants are intended and used solely for furnishing power to others, the investment therein shall be included in account No. 705NR, "Non-rail property".

Maintaining transmission and distribution systems. The accounting for the maintenance of transmission systems and distribution systems shall be in accordance with instructions pertaining to power plant operations.

Shop expenses. A clearing account entitled "Shop expenses" shall be kept, to which shall be charged items of expense at shops, enginehouses, repair tracks, and other places at which mechanical work is done, when such items are not assignable directly to specific accounts. Such expenses shall be apportioned among the various accounts affected on an equitable basis. The expenses assignable to this account are as follows:

(a) General shop employees—The pay of general foremen in small shops, who exercise direct supervision over all departments unassisted by department foremen, the pay of department foremen, assistant department foremen, other supervising or directing employees and their clerks, pay of chauffeurs and oilers; pay of sweepers, cleaners, roustabouts, and other unskilled labourers employed in general work in and about shops and shop grounds; pay of watchmen, gatekeepers, and policemen at shops, repair tracks, and other places at which mechanical work is done; pay of employees while attending fires or fire drills; and pay of employees while making, repairing, or having charge of small shop tools; vacation pay and pay for statutory holidays of aforementioned employees.

(b) Power—The cost of fuel used in steam and other power plants in producing power for shops and for other places at which mechanical work is done; cost of oil, grease, waste, and other material used in the operation of such power plants; pay of stationary engineers, firemen, electricians, coal handlers, and other employees engaged in production of power; vacation pay of these employees; cost of carbon brushes, fuses, lamps, picks, pokers, scuttles, shovels and other small tools and supplies; and cost of water and power purchased. (See "power plant operations")

(c) Heating—The cost of fuel and other supplies used for heating shops and other places at which mechanical work is done, shop offices, watchmen's and gatekeepers' boxes, and inspectors' shanties; and the pay and vacation pay of firemen, coal handlers, and other employees engaged in operating heating boilers. (See "power plant operations")

(d) Lighting—The cost of electric current, gas, oil, torches, lamp burners, lamp chimneys, lamps not permanently attached to buildings, incandescent lamps and carbons, and other material used in lighting shops and shop offices, repair tracks, and other places at which mechanical work is done, and cost of material used and labour expended in operating electric light plants and repairing electric lights and other lamps at shops. (See "power plant operation")

(e) Switching locomotives—All expenses, including wages, fuel and supplies, of operating switching locomotives when exclusively assigned to switching service at shops. The expenses of incidental switching at shops by locomotives in transportation switching service shall be charged to appropriate transportation accounts.

(f) Shop supplies—Fuel for forge and other shop work; supplies and small tools used by mechanics on miscellaneous work; test room and laboratory supplies used in connection with shop work; lubricating material for shop machinery and tools; water used at shops and shop offices, repair tracks, and other places at which mechanical work is done; and other supplies used generally in shop work.

(g) *Incidental expenses*—Expenses such as watchmen's uniforms, clocks, and call boxes; travelling expenses connected with the operation of shops and not directly chargeable to other accounts; removal of snow and ice from transfer tables and shop yards; cleaning of privy vaults; cost of ice for shops; and other undistributed shop expenses.

Material store expenses. To a clearing account called "Material store expenses" shall be charged expenses in connection with purchasing, handling and storing material in and distributing it from the carrier's storehouses, including the pay of officers and employees in the purchasing and store departments and their travelling, office, and other expenses; also all expenses, including wages, fuel and supplies, of operating switching locomotives when exclusively assigned to the service of switching at material storehouses. (Expenses of incidental switching at material yards by locomotives in regular switching service shall be charged to the appropriate transportation accounts). The pay and expenses of men employed in purchasing or inspecting a single class of material, such as ties, shall be added as store expenses to the cost of that particular material.

The total amount of store expense charged to this account shall be distributed on an equitable basis among the accounts to which is charged material issued from stores.

Stationery store expenses. A clearing account entitled "Stationery store expenses" shall be kept, to which shall be charged expenses in connection with purchasing, handling, and storing stationery, and for distributing it from the stationery stores, including the pay of officers and employees in the stationery store department and their travelling, office, and other expenses. The amounts charged to this account shall be apportioned on an equitable basis to the accounts to which is charged stationery issued from the store.

16. Securities Owned.

(a) The rail investment in securities other than those issued or assumed by the accounting company shall be recorded in these accounts at the money value at the time of acquisition, of the consideration given therefor by the accounting company, but excluding amounts paid for accrued interest and accrued dividends. Under no circumstances shall the investment in securities be stated in these accounts at an amount in excess of their cost to the accounting company.

(b) With respect to the accounting company's investment in securities issued or assumed by companies deemed to be a part of the Canadian rail transportation system, the accounting company shall be governed by recognized accounting principles in writing down the ledger value of such securities, to reflect anticipated loss in value, or may write them off entirely if there is no reasonable prospect of realizing any value whatever therefrom. However, fluctuations in market value should not be recorded. Where adjustments in the ledger values of securities should be made, such adjustments should not be delayed beyond the year after that in which a loss is incurred and, where possible, the loss should be taken up in the same year. In accordance with section (c) carriers may create reserves from income account or retained income to cover such reductions in value.

(c) The amount of the adjustment to the investment in a controlled company considered to be part of the Canadian rail transportation system shall be charged to account No. 545, "Separately operated properties-loss", or if the amount of the adjustment is unusually large, after obtaining the approval from the Board of Transport Commissioners, the adjustment shall

be charged to account No. 621, "Other charges". Carriers may create such reserves to provide for decrease in the value of securities owned and recorded in accounts No. 706, "Investment in affiliated companies", and No. 707, "Other investments". (See account No. 781, "Reserve for investments".)

Where losses have previously been provided for in the manner described in the previous paragraph and such losses are subsequently reduced by profitable years, then the carrier shall adjust the charges of previous years by taking into income the corresponding credits in respect to the profit earned. Such profit shall be credited to account No. 512, "Separately operated properties—profit", or No. 607, "Other credits", as may be appropriate.

(d) Accrued interest on uninvested sinking and other reserve fund cash pertaining to rail operations in Canada on deposit in banks or trust companies, and accrued interest and other income arising from stocks, bonds or other assets held in sinking and reserve funds pertaining to rail operations in Canada shall be credited to account No. 516C, "Income from reserve funds", and when required by the mortgage or other provision to be held in the funds, cash and/or securities shall be transferred, according to the character of the funds to account No. 704, "Capital and other reserve funds", or No. 721, "Insurance and other funds".

17. Securities Issued.

For purposes of these regulations *premium* is the excess value of the consideration received from the issue or resale of securities over the par or stated value of the securities; *discount* is the excess of the par or stated value over the value of the consideration; *commissions* comprise amounts paid to underwriters, brokers, salesmen and agents for marketing securities. Payments for interest or dividends accrued are not to be included as part of either premium or discount. Separate ledger accounts shall be maintained for each class or subclass of securities, such as stocks, bonds or notes, with respect to which the issue or resale is at a premium or discount. Except as otherwise provided in property account No. 76, "Interest during construction", no discount or commissions in respect of funded debt shall be charged to or included in any account as part of the cost of acquiring property, tangible or intangible or as a part of the cost of operation. Premiums and discounts on capital or debenture stock shall be netted in account No. 753, "Premium on capital and debenture stock", or account No. 754, "Discount on capital and debenture stock", as applicable.

Discounts and premiums on funded debt and fees and commissions paid underwriters and brokers for marketing such evidences of debt shall be netted in account No. 725, "Discount on funded debt" or account No. 772, "Premium on funded debt", as applicable.

Expenses excluding commissions and fees, incurred in respect of the issue and sale of securities, shall be included in the appropriate primary accounts in general expenses when applicable to rail issues and to account No. 551C, "Other income charges", when applicable to non-rail issues. Taxes for issuing or recording mortgages and trust deeds and for issuing securities or other evidences of long-term debt shall be charged to "Other taxes" accounts in rail expenses or to account No. 536NR, "Other non-rail taxes", as applicable.

Each fiscal period there shall be charged to income account No. 548C, "Amortization of discount on funded debt", and credited to account No. 725, "Discount on funded debt", a proportion (based upon the ratio of such fiscal period to the remaining life of the respective securities reckoned from the

beginning of the period to the date of maturity of the debt to which the charges relate) of each of the debit balances included in the latter accounts, and correspondingly there shall be credited to income account No. 517C, "Release of premiums on funded debt", and debited to account No. 772, "Premium on funded debt", a similar proportion of each of the credit balances included in the latter account. When the total discount and commissions applicable to any particular issue of securities does not exceed \$25,000, the carrier may charge the entire amount to account No. 548C, "Amortization of discount on funded debt", at time of issue.

When any funded debt which has been actually issued to bona fide holders for value is discharged otherwise than by refunding by the accounting company, before the original maturity date of the issue, that proportion of the balance remaining in the accounts containing discounts, commissions, and premium on funded debt for the subclass of the security discharged applicable to the portion discharged shall be credited or charged thereto, as may be appropriate, and concurrently charged or credited to income accounts in the year of such discharge unless the amount is so large that its inclusion would unduly distort the income results for the period, in which case it shall be charged or credited to retained income accounts.

Where any funded debt which has been actually issued to bona fide holders for value is refunded by the accounting company before the original maturity date of the issue, that proportion of the balance remaining in the accounts containing discounts, commissions, and premiums on funded debt for the subclass of the security refunded applicable to the portion refunded shall be credited or charged thereto, as may be appropriate, and concurrently charged or credited to income accounts either in the year of refunding or over a period not exceeding the remainder of the original life of the issue retired, unless the amount is so large that its inclusion would unduly distort the income results for the period, in which case it shall be charged or credited to returned income accounts.

18. Current Assets and Liabilities.

The accounts for current assets and current liabilities represent the accounting company's working capital elements. Current assets are to comprise amounts available for payment of current liabilities and current liabilities are to comprise amounts chargeable against current resources. Although not available for payment of current liabilities, material and supplies are also to be included as current assets because they constitute an indispensable part of working capital. The need for material in impending maintenance work, and the availability of supplies for consumption in rendering transportation services, cannot be ignored in any appraisal of a carrier's financial capacity as a going concern. Cash invested in material and supplies is significant in the relation of available stocks to immediate and imperative requirements. Regardless of their cost, obsolete repair parts and supplies for which there is no foreseeable use are not current assets, unless carried at their scrap value.

The nature of items which are to be classified as current assets and current liabilities is well illustrated by the balance sheet account titles prescribed under each. Current assets shall not include any amount the collection of which is not reasonably anticipated in the normal course of business. Items of current character but of doubtful value, previously credited to revenue, expense, or income accounts, shall be written down or written off by debit to the account or accounts previously credited. If there is an impairment in value of a current asset, it shall be classified among other deferred assets at an amount not in excess of a reasonable estimate of its future value or, to provide a record of assets written off, it may be so recorded at a nominal value.

19. Accrued Assets and Liabilities.

If the effect of any transaction upon income of the month in which it occurs cannot be determined before the month's accounts are closed, the estimated asset or liability resulting therefrom shall be credited or charged to the appropriate balance sheet, revenue, expense, or other income account according to the nature of the transaction. Carriers shall indicate in their annual report to the Board any material change in practice of accounting for accruals. Carriers are not required to anticipate items which would not appreciably affect the accounts. If accrued items charged to expenses or credited to revenues are not determined and fully adjusted in the following month, the balances in the balance sheet accounts for such accrued assets or liabilities shall be kept separately by months until each is adjusted.

When an accrued asset or liability is finally determined, the estimate shall be adjusted through the respective accounts originally credited or debited. At any time before audit, if a substantial error is found in an initial estimate of this sort, it shall be adjusted currently through the same accounts.

Delayed items and adjustments arising during the current year which are applicable to prior years, shall be included in the same account which would have been charged or credited if the item had been taken up or adjusted in the year to which it pertained. When the amount of the delayed item is relatively so large that its inclusion in the appropriate account for the current year would seriously distort the revenues, expenses or income of the current year, the amount of the delayed item may be credited to account No. 520, "Delayed income", or charged to account No. 557, "Delayed charges" as may be appropriate.

When the amount of a delayed item is relatively so large that its inclusion in the accounts for a single month will seriously distort those accounts it may be distributed in equal monthly charges or credits to the remaining months of the calendar year.

Delayed items are items representing transactions which occurred before the calendar year.

20. Contingent Assets and Liabilities.

Contingent assets and liabilities shall not be included in the body of the balance sheet statement but shall be shown in detail in a supplementary statement. Contingent assets are those without known value to the accounting company until the fulfillment of conditions regarded as uncertain. Contingent liabilities are those which may under certain conditions become obligations of the company, but are neither direct nor assumed obligations on the date of the balance sheet.

The par value of securities, or the total amount of other obligations, for which a carrier with others is jointly and severally liable, shall be stated as a liability only in such amount as was not primarily assumed by others party to the issuing agreement under the terms thereof. The amount by which such par or total amount exceeds the liability, so stated or subsequently established according to the agreement, shall be shown as a contingent liability.

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TEXT PERTAINING TO ACCOUNTS FOR INVESTMENT IN ROAD AND EQUIPMENT

I. ROAD.

The several primary accounts included in this general account are designed to show the cost of land and road property owned or leased by the accounting carrier and used or held for use as rail transportation property on Canadian lines.

1. Engineering.

This account shall include the pay and expenses of engineers, assistants, and clerks engaged in the survey and construction of new lines and extensions, or in making additions to or replacements of the carrier's road, including wharves and docks.

List of Officers and Employees (See general instructions, section 4)

Chief engineer	Draftsmen	Axmen
Assistant engineers	Clerks	Messengers
Bridge engineer	Transitmen	Cooks on business cars
Signal engineer	Levelmen	Porters on business cars
Architects	Rodmen	
Chief clerk	Chainmen	

Items of Expense and Supplies (See general instructions, section 4)

Atlases and maps	Magnifiers	Section liners
Axes	Marking chalk	Sextants
Barometers	Official train service	Slide rules
Books for office use	Oilstones	Stakes
Boxes for materials and instruments	Paper, blue-print	Straightedges
Business car service	Parallel rules	Tally registers
Cameras	Periodicals and newspapers	Tape lines
Camp equipage	Photographic supplies	Tee squares
Chains for surveyors	Plane tables	Telegraph service
Compasses	Planimeters	Telephone service
Curves	Plummets	Telescopes
Drawing boards	Printing and stationery	Thermometers
Drawing instruments	Protractors	Thumb tacks
Field glasses	Provisions for business cars	Tracing linen
Field notebooks	Ranging poles	Transits
Furniture repairs and renewals	Reading glasses	Travelling expenses
Hatchets	Rent of offices	Traverse tables
Heating and lighting	Repairs of rented offices	Triangles
Levels	Rods for surveyors	Tripods
Magnets	Scales	Verniers
		Water and ice

NOTE A—When employees designated above are engaged in the maintenance of the road, their pay and expenses while thus employed shall be charged to Expenses.

NOTE B—Expenditures for tentative or preliminary surveys shall be carried in a suspense account until it is determined whether or not to continue the work. If the project is continued, expenditures for all surveys in connection therewith shall then be transferred to this account, and, if abandoned, to Expenses, Income or Retained Income, as may be appropriate.

NOTE C—The cost of designing, making plans and specifications, and supervising the construction of equipment shall be included in the cost of the equipment.

NOTE D—The cost of stationery and printing supplies used for accounting purposes in connection with engineering work shall be included in account No. 74, "Stationery", when not directly assignable to specific road or equipment accounts.

NOTE E—Fees and expenses of architects specially employed for designing or supervising the construction of buildings shall be included in the accounts appropriate for the cost of the buildings constructed.

2. Land.

This account shall include the cost of land of necessary width acquired for roadway; the cost of land for station, office, shop, and other grounds; for ingress to or egress from such grounds; for borrow pits, waste banks, snow fences, sand fences, and other railway appurtenances; and for storage of material adjoining the right of way; the cost of land for wharves and docks and the cost of riparian or water rights necessary therefor; the cost of removing from the right of way and locating elsewhere the property of others, and the cost of the necessary land for relocation of the property, when such costs are assumed by the accounting carrier.

The carrier's records shall be kept in such manner as to show separately the cost of land purchased by it and the estimated values at time of acquisition of lands donated subsequent to the adoption of this accounting classification.

Proceeds from the sale of timber or of improvements purchased with right of way, less any cost of removal, shall be credited to this account.

Items of Expense

(See general instructions, section 4)

Abstracts	Recording deeds
Appraisals	Payments for relinquishment of cattle passes and other rights
Arbitrators in condemnation cases	Removal and relocation of buildings and other structures not purchased
Commissions paid to others	Rent of land when part of consideration for purchase
Condemnation expenses, including court costs and special counsel fees	Right of way agents' compensation (engaged solely in acquiring right of way)
Damages to property of others	Taxes accrued and assumed at time of purchase
Deferred payments for right of way	
Ditches for waterways when part of consideration	
Judgments and decreed costs to clear or defend titles	
Notarial fees	
Plats	
Premiums on condemnation bonds	

NOTE A—The cost of land acquired in excess of that necessary for transportation operations shall be included in balance sheet account No. 705NR, "Non-rail property". When the purchase of land acquired for transportation operations involves the purchase of land not used for such purposes the charges to this account shall be based upon the estimated cost of only that portion which is used for such purposes, and the cost of the remaining land shall be included in account No. 705NR, "Non-rail property". Only the actual cost borne by the carrier for right of way and other lands acquired through vacation of streets and highways shall be included in this account. No donations should be considered as involved in the acquisition of such property.

NOTE B—The cost of irregular parcels of land acquired for right of way, which have no value as commercial property, shall not be cleared from this account either for the purpose of making right of way boundaries regular or to eliminate the cost of unoccupied land.

2½. Other Right of Way Expenditures.

This account shall include the cost (in excess of cost of railway facilities installed, if any) actually borne by the carrier of improvement projects (other than public improvement projects), such as the construction of canals, farm and other private passes, pipe lines, drains, and other facilities across the carrier's right of way.

3. Grading.

This account shall include the cost of clearing and grading the roadway, and of constructing protection for the roadway, tracks, embankments, and cuts.

When a part of a bridge or trestle, or the entire structure is converted, by filling, into an earth embankment, and the bridge is used in lieu of a temporary trestle for the purpose of filling, the estimated cost of such temporary trestle shall be included in the cost of the filling, and charged to this account. (See Note A, under account No. 6, "Bridges and culverts")

When a tunnel is converted into an open cut, the cost of clearing, grubbing, and excavating shall be included in this account.

Details of Roadbed and Items of Expense

(See general instructions, section 4)

Advertising for contractors' bids	Grading outfits
Berm ditches	Grubbing land
Blasting	Material taken from borrow pits
Breakwaters	New channels for streams
Bulkheading	Operation of steam shovels
Clearing land	Payments for privilege of wasting material on the property of others
Cribbing	Payments for waste banks off the right of way
Dikes (including those of earthen construction which are intended to function indefinitely)	Retaining walls
Ditches (not required by right of way agreement)	Revetments
Dressing slopes	Riprap
Excavation for conversion of tunnels into open cuts	Spoil banks
Filling bridges, trestles, and culverts	Temporary trestling for fills
	Tools for grading
	Wing dams

5. Tunnels.

This account shall include the cost of tunnels and subways for the passage of trains, including apparatus for ventilating and lighting, and safety devices therein, other than signals.

NOTE A—The cost of tracks including guard rails, in tunnels shall not be charged to this account.

NOTE B—Station subways not highway crossings are includible in account No. 16, "Station and office buildings".

NOTE C—If a tunnel be converted into an open cut, the accounting shall be in accordance with general instructions, section 8.

6. Bridges and Culverts.

This account shall include the cost of the substructure and superstructure of bridges, trestles, and culverts which carry the tracks of the carrier over watercourses, ravines, public and private highways and other railways.

Details of Bridge Structures (See general instructions, section 4)

Abutments	Ice breakers
Bridge signs	Painting (except repainting)
Cofferdams	Piers and foundations
Concrete and masonry ends for culverts	Pier protection
Cribs	Pipe culverts
Decking including gravel for fire protection	Retaining walls
Dike protection	Riprap around abutments
Drainage systems	Riprap at culvert ends
Drawbridge engines and machinery	Supports
Draw protection	Water channels
False work	Waterproofing
Guard timbers	Wing dams
	Wing walls

NOTE A—When a part of the entire structure of a bridge or trestle is converted by filling, into an earth embankment, the ledger value of the structure, or of the portion thereof filled, shall be credited to this account. In case the bridge or trestle is used in lieu of a temporary trestle for the purpose of filling, the estimated cost of such temporary trestle shall be charged to account No. 3, "Grading". The ledger value of the structure, or portion thereof, filled, less the value of the salvage and the estimated cost of trestle charged to account No. 3, shall be charged to account No. 779, "Accrued depreciation—road and equipment", or account No. 779NR, "Accrued depreciation—road and equipment—United States lines".

NOTE B—The cost of bridges to carry the carrier's tracks over undergrade crossings, including the necessary piers and abutments to sustain them shall be included in this account. (See general instructions, section 7)

7. Elevated Structures.

This account shall include the cost of elevated structures and foundations of elevated portions of railway systems.

This account is applicable to structures other than earth work, which are for the purpose of elevating tracks above the grade of streets, and which are not properly classable as bridges or trestles.

NOTE—The cost of stations and other structures built on elevated structures shall be accounted for according to the class of the structure thus superimposed and not in this account.

8. Ties.

This account shall include the cost of cross, switch, bridge, and other track ties used in the construction of tracks for the movement or storage of locomotives and cars (including tracks in shops, fuel stations, supply yards, etc.) the cost of additional ties subsequently laid in such tracks, and the cost of ties laid in such tracks under a replacement programme.

The cost of ties removed from track under a replacement programme, or line abandonment, shall be retired from this account. The cost of ties for retirement purposes is the cost of the ties first placed in service and not previously retired. (See general instructions, section 7)

The cost of handling ties in general supply and storage yards shall be included as store expenses apportioned to this account when the ties used are chargeable to this account.

NOTE A—The cost of ties used in the construction of car floats shall be included in the cost of such floating equipment, and the cost of ties used in the construction of temporary tracks such as gravel pit and quarry tracks shall be included in the appropriate clearing account.

NOTE B—The cost of ties used in the construction of tracks laid on wharves and docks shall be included in this account.

NOTE C—The cost of labour for unloading, distributing, and placing the ties in tracks, and the cost of train service in connection with the distribution of ties laid shall be charged to account No. 12, "Track laying and surfacing", or account No. 202, "Track and roadway maintenance", as appropriate. (See general instructions, section 7)

NOTE D—Ties which are not replaced under a programme (for example due to wrecks, floods, etc.) shall be charged to the appropriate expense account under "Road maintenance".

9. Rails.

This account shall include the cost of rails used in the construction of tracks for the movement or storage of locomotives and cars (including tracks in shops, fuel stations, supply yards, etc.).

The cost of new rails laid in replacement of existing rails shall be charged to this account and the cost of the rails replaced shall be retired from this account when the stretch of track involved is a unit or greater.

The cost of relay rails laid in replacement of existing rails shall be charged to this account and the cost of the rails replaced shall be retired from this account when the stretch of track involved is a unit or greater and when (a) the unit cost of relay rails being installed differs from the unit cost of the rail being released, or (b) the relay rail being installed is heavier than the rail being released. (See general instructions, section 7)

The cost of rail for retirement purposes is the cost per ton of the rail first placed in service and not previously retired; or alternatively, the cost of the rail being replaced where complete records are kept of such information.

When new or relay rails are laid in replacement on a stretch of track considered to be less than a unit, or when relay rails are laid in replacement on a stretch of track considered to be a unit or greater but where no change in weight or unit costs of rail has taken place, the cost of replacement rails shall be charged to the appropriate expense account under "Road maintenance", this same expense account being credited with the salvage value of the rails removed.

The cost of handling rails in general supply and storage yards shall be included as store expenses apportioned to this account when the rails used are chargeable to this account.

NOTE A—The cost of rails used in the construction of car floats shall be included in the cost of such floating equipment, and the cost of rails used in the construction of temporary tracks, such as gravel pit and quarry tracks, shall be included in the appropriate clearing accounts.

NOTE B—The cost of rails used in the construction of tracks laid on wharves and docks shall be included in this account.

NOTE C—The cost of labour for unloading, distributing, and placing the rails in tracks, and of train service in connection with the distribution of the rails, shall be charged to account No. 12, "Track laying and surfacing", or account No. 202, "Track and roadway maintenance", as appropriate. (See general instructions, section 7)

10. Other Track Material.

This account shall include the cost of material used in the construction of tracks, and the cost of material added to existing tracks under a definite plan of improving standards, for the movement or storage of locomotives and cars (including tracks in shops, fuel stations, supply yards, etc.) except ballast and material chargeable to foregoing accounts.

The cost of other track material installed in conjunction with rail replacements which require a rail investment change, shall be charged to this account and the cost of the other track material replaced shall be retired from this account. The cost for retirement purposes shall be determined by applying to the cost of the other track material installed, the ratio developed by relating the cost of the rail retired to the cost of the rail installed.

The cost of other track material not chargeable as above to this account, shall be charged to the appropriate expense account under "Road maintenance".

The cost of handling other track material in general supply and storage yards shall be included as store expenses apportioned to this account when such material used is chargeable to this account.

Items of Other Track Material (See general instructions, section 4)

Angle bars	Main rods	Switch chairs
Anticreepers	Nut locks	Switch crossings
Bumping posts	Nuts	Switch lamps
Compromise joints	Offset bars	Switch locks and keys
Connecting rods	Rail braces	Switch points
Crossings for steam and electric railways, including foundations or bases	Rail chairs	Switch stands
Derailed	Rail clips	Switch targets
Frog blocking	Rail joints	Switches
Frogs	Rail lubricators	Tie plates
Guard rail blocking	Rail rests	Tie plugs
Guard rail clamps	Rail shims	Tie rods
Guard rail fasteners	Rail splices	Track bolts
Guard rails, switch and other	Splice bars	Track insulators
	Step chairs	Track spikes

NOTE A—The cost of other track material used in the construction of car floats shall be included in the cost of such floating equipment, and the cost of such track material used in the construction of temporary tracks, such as gravel pit and quarry tracks shall be included in the appropriate clearing accounts.

NOTE B—The cost of other track material used in the construction of tracks laid on wharves and docks shall be included in this account.

NOTE C—The cost of labour and train service for distributing, unloading, and applying other track material shall be charged to account No. 12, "Track laying and surfacing", or account No. 202, "Track and roadway maintenance", as appropriate. (See general instructions, section 7)

11. Ballast.

This account shall include the cost of gravel, stone, slag, cinders, sand, and like material used in ballasting tracks (including tracks in shops, fuel stations, supply yards, etc.) not previously ballasted, including cost of work train service applicable to the distribution of such ballast. The cost of ballast used in a replacement programme on a stretch of track considered for this purpose to be a unit or greater and the cost of work train service applicable

to the distribution of such ballast shall be included in this account. Charges to this account shall not exceed the cost of ballast applied to a depth of 24 inches beneath the tie.

The cost of ballast retired from track under a ballast replacement programme or line abandonment shall be credited to this account. The cost of ballast for retirement purposes is the cost of ballast first placed in service and not previously retired. (See general instructions, section 7)

(General instructions, section 15, apply to the accounting for pits from which ballast material is obtained either for construction work or for maintenance, or for both.)

The cost of ballast used in replacement of a stretch of track considered to be less than a unit shall be charged to the appropriate expense account under "Road maintenance".

NOTE A—The cost of ballast used in the construction of temporary tracks, such as gravel pit and quarry tracks, shall be included in the appropriate clearing accounts.

NOTE B—Earth placed to form a crown in the middle of the track is not to be considered as ballast.

NOTE C—The cost of ballast material placed on the decking of bridges solely for fire protection purposes shall be included in account No. 6, "Bridges and culverts".

NOTE D—No charge shall be made to the accounts of this classification representing the value of cinders accumulated by the carrier.

12. Track Laying and Surfacing.

This account shall include the cost of distributing (including train service), laying, and adjusting ties, rails, and other track material used in the construction of tracks for the movement or storage of locomotives or cars, including repair tracks, wharves and docks, but not tracks on car floats or temporary tracks the cost of which is chargeable to clearing accounts. It shall also include the cost of the labour expended in placing ballast in tracks not previously ballasted.

When track is retired, and not replaced amounts included in this account which relate to the track retired shall be written out of this account.

Costs of track laying and surfacing which relate to replacements of ties, rails, other track material and ballast shall not be charged to this account, but shall be charged to the appropriate expense account under "Road maintenance".

NOTE A—The cost of distributing and adjusting ties, rails, ballast and other track material for repairs shall be charged to the appropriate expense account under "Road maintenance".

NOTE B—The cost of work train service in delivering ballast is provided for in account No. 11, "Ballast".

NOTE C—The cost of work train service in delivering ties, rails and other track materials, and of unloading such materials, except in connection with the construction of a new railway line, shall be charged to account No. 202, "Track and roadway maintenance". (See general instructions, section 7)

13. Fences, Snowsheds, and Signs.

This account shall include:

- (a) The cost of right of way fences and snow and sand fences, farm gates, cattle guards, wing fences, aprons, and hedges, on property not previously fenced, excluding those around stockyards, fuel stations, station and shop grounds, and building sites.
- (b) Snowsheds—The cost of snowsheds, including initial cost of planting trees for protecting tracks from snow.
- (c) Signs—The initial cost of signs other than those for identification of bridges, signals, stations, and other structures.

Sign Items

(See general instructions, section 4)

Boundary signs
Bridge caution signs
Crossing signs
Curve and elevation markers
Division limit signs
Mileposts
Monuments
Safety first signs at crossings

Section limit signs
Slow or stop signs
Tunnel caution signs
Water station signs
Water trough signs
Whistle signs
Yard limit signs

NOTE A—The cost of fences (other than right of way boundary fences) around stockyards, fuel and water stations, and other building sites, shall be charged to the accounts appropriate for the cost of the structures.

NOTE B—The cost of signs for identifying bridges, signals, stations, and other structures shall be included in the account appropriate for the cost of the structures.

NOTE C—The cost of crossing signals, including crossing gates, shall be included in account No. 27, "Signals".

NOTE D—This account shall also include the cost of replacing units of such property retired, the original cost of which was charged to this account. The service value of the property replaced shall be credited to this account and the corresponding debit charged concurrently to account No. 779, "Accrued depreciation—road and equipment", or No. 779NR, "Accrued depreciation—road and equipment—United States lines", as may be applicable. (See general instructions, section 9)

16. Station and Office Buildings.

This account shall include the cost of station and office structures and the fixtures and appurtenances necessary to equip the buildings.

Station and Office Structures and Details

(See general instructions, section 4)

Baggage rooms
Breakwaters for protection
of buildings
Buildings and rooms for
trainmen
Buildings on piers
Call bells
Coal bins
Coal trestles (not at fuel
stations)
Commissarial buildings
Drainage and sewerage
systems

Dwellings
Eating houses
Electric wiring
Elevators and their
machinery
Express buildings
Fences
Fire engine houses
Freight cranes—fixed
Freight derricks—fixed
Freight houses
Garages
Gas supply systems

General office buildings
Grain cribs
Grain elevators
Grain warehouses
Greenhouses
Hay houses
Heating plants
Hedges
Hose houses
Ice houses
Lighting plants
Milk stands
Office buildings

Outhouses
 Pavement within ground limits
 Platforms, freight
 Platforms, passenger, including planking between tracks
 Power distribution systems, interior
 Reading rooms
 Rooms for Y.M.C.A.
 Scale houses
 Sidewalks

Stables
 Station footbridges (not highway crossings)
 Station inter-track fences
 Station platforms
 Station signs
 Station stairways
 Station subways (not highway crossings)
 Station power houses
 Stations, freight
 Stations, passenger

Stock pens
 Store houses
 Telegraph offices
 Telpher systems
 Track scales—fixed
 Transfer houses
 Transfer platforms
 Waiting rooms
 Warehouses
 Washrooms
 Water supply systems
 Yard offices

NOTE A—Office buildings used exclusively in connection with road maintenance shall be included in account No. 17, "Roadway buildings". Those used exclusively in connection with maintenance of equipment, shall be included in account No. 20, "Shops and enginehouses".

NOTE B—The cost of grading and preparing grounds, both before and after the construction of station and office buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after subsequent construction work shall be included in the appropriate expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

NOTE C—Movable equipment required at stations and office buildings is to be included in account No. 16½, "Station and office movable equipment".

16½. Station and Office Moveable Equipment.

This account shall include the cost of movable equipment and furniture at terminals, stations and office buildings. It is intended that equipment which is built into a permanent structure shall be included in account No. 16, "Station and office buildings", but when such equipment is not so fabricated, it should be included in this account.

Station and Office Movable Equipment Details

(See general instructions, section 4)

Accounting machines	Lift trucks
Coal transferring machinery (not on coal and ore wharves or at fuel stations)	Mail cranes
Freight cranes—mobile	Office furniture and equipment
Freight derricks—mobile	Ore transferring machinery
Freight handling machinery	Towmotors
Platform trucks	Tractors
Hoisting engines for handling freight	Track scales—mobile

17. Roadway Buildings.

This account shall include the cost of roadway shops and other roadway buildings, including drainage, water, gas, and sewer pipes and connections; and all machinery, fixtures, and furniture to equip the buildings ready for use.

List of Roadway Buildings

(See general instructions, section 4)

Bins for material	Breakwaters for protection of buildings	Dwellings
Blacksmith shops	Carpenter shops	Fire engine houses
Boarding houses		

Frog shops for repair of track material	Outhouses	Section dwelling houses
Hand car houses	Planing mills	Stables
Lighting plants	Rail shops for repair of track material	Storehouses
Lumber sheds	Repair shops	Tool houses
Offices	Scrap bins	Watch houses

NOTE—The cost of grading and preparing grounds both before and after the construction of roadway buildings, and the cost of constructing sidewalks, driveways, and fences thereon shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after subsequent construction work shall be included in the appropriate expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

18. Water Stations.

This account shall include the cost of structures, facilities, and appliances necessary to equip for service, stations for supplying water. The cost of analyses of water preliminary to the establishment of water stations shall be included in this account.

Water Station Structures and Details (See general instructions, section 4)

Boilers	Pump houses	Track tanks
Breakwaters for protection of buildings	Pumps	Tubs
Buildings on piers	Purifying plants	Water cranes
Cisterns	Reservoirs	Water pipe lines
Dams	Settling basins	Water treating plants
Fences	Stationary engines	Wells
Outhouses	Steam pipes	Windmills
Penstocks	Tanks and foundations	
	Test wells	

NOTE A—The cost of water stations used solely for supplying water to shops, power plants, stations, hotels, tenement houses, or section houses shall be charged to the appropriate accounts relating to the property so supplied.

NOTE B—The cost of a temporary water station established only for use during the construction period shall be included in the primary accounts to which is charged the cost of the work in connection with which the water station is used.

NOTE C—The cost of grading and preparing grounds both before and after the construction of water station buildings and the cost of constructing sidewalks, driveways, and fences thereon shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after subsequent construction work shall be included in the appropriate expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

19. Fuel Stations.

This account shall include the cost of structures, facilities other than tracks, and appliances necessary to equip for service, stations for supplying fuel to locomotives and floating equipment.

Fuel Station Structures and Details (See general instructions, section 4)

Breakwaters for protection of buildings	Coal buckets	Dumping machinery
Buckets	Coal buggies	Elevating machinery
Buildings on piers	Coal hoists	Fences
	Coal pockets and chutes	Fuel houses or stations

Fuel oil columns	Fuel platforms	Sheds
Fuel oil plants	Fuel wharves	Stationary engines
Fuel oil pumps	Inclines	Tipple cars
Fuel oil sumps	Outhouses	Weighing apparatus
Fuel oil tanks	Scales	Wood racks

NOTE A—The cost of fuel stations, coal houses, etc., used solely for supplying fuel to shops, power plants, stations, hotels, tenement houses, or section houses shall be charged to the appropriate accounts relating to the property so supplied.

NOTE B—The cost of a temporary fuel station established only for use during the construction period shall be included in the primary accounts to which is charged the cost of the work in connection with which the fuel station is used.

NOTE C—The cost of grading and preparing grounds both before and after the construction of fuel station buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after subsequent construction work shall be included in the appropriate expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

20. Shops and Enginehouses.

This account shall include the cost of buildings to be used as shops, engine-houses, and storehouses for material for maintenance of equipment, foundations, except those special to particular machines and other apparatus, furniture and fixtures other than equipment chargeable to account No. 59, "Shop machinery" drainage, sewerage, and water supply systems, and plants for heat and light.

Shop and Enginehouse Structures and Details (See general instructions, section 4)

Air compressor houses	Foundries	Repair shops
Ash pits and pockets	Gas compressor houses	Sand houses
Ash plants	Heating plants	Scale houses
Bins for material	Hose houses	Scrap bins
Blacksmith shops	Ice houses	Sidewalks
Breakwaters for protection or buildings	Laboratories	Stables
Buildings on piers	Lighting plants	Steam distribution systems, interior
Car sheds	Lumber sheds	Storehouses
Car shops	Machine shops	Tanks, gas
Carpenter shops	Material and supply truck tracks	Tanks, oil
Cinder pits	Motor-crane tracks	Test rooms
Cinder pockets	Offices, shop	Tin shops
Drop pits	Oil houses	Tool houses
Dry houses	Outhouses	Track scales
Electric power distribution systems within buildings	Paint shops	Transfer tables
Enginehouses	Pipe lines, air, interior	Turntables
Fire engine houses	Pipe lines, carheating	Upholstering shops
Footbridges (not public highways)	Pipe lines, gas, interior	Warehouses
	Planing mills	Wash rooms
	Platforms, shop and yard	Watch houses

NOTE A—The cost of distinct power plant buildings for shop purposes shall be included in account No. 29, "Power plants". The cost of distribution systems leading from such power plants to shops and enginehouses shall be included in account No. 31, "Power transmission systems".

NOTE B—The cost of grading and preparing grounds both before and after the construction of shop and enginehouse buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall

also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after subsequent construction work shall be included in the appropriate expense accounts. The cost of permanent water rights shall also be included in the cost of buildings.

NOTE C—The cost of shop buildings devoted solely to road maintenance shall be included in account No. 17, "Roadway buildings".

21. Grain Elevators.

This account shall include the cost of structures, including the cost of conveyors, machinery, and fixtures which the railway companies operate for the transfer, treatment, and storage of grain.

The buildings referred to in this account are not small storage elevators at stations where grain is received for shipment, etc., but large elevators in which grain is stored for various owners. (See general instructions, section 10)

NOTE A—Small storage elevators at way stations are classed as station buildings.

NOTE B—The cost of grading and preparing grounds both before and after the construction of grain elevator buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after subsequent construction work shall be included in the appropriate expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

NOTE C—The cost of grain elevators leased to noncarriers shall be included in account No. 705NR, "Non-rail property".

22. Storage Warehouses.

This account shall include the cost of storage warehouses, including machinery and fixtures therein.

The buildings herein referred to are not the ordinary freight warehouses or stations where freight is received for shipment, etc., but warehouses in which merchandise is stored and which the railway companies operate as storage warehouses. (See general instructions, section 10)

NOTE A—The cost of grading and preparing grounds both before and after the construction of storage warehouse buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after subsequent construction work shall be included in the appropriate expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

NOTE B—The cost of warehouses leased to noncarriers shall be charged to account No. 705NR, "Non-rail property".

23. Wharves.

This account shall include the cost of wharves, docks, dry docks, coal and ore wharves, slips, float bridges, and other landings for vessels, including the cost of necessary dredging, and the cost of float-bridge machinery; also the cost of piling, pile protection, cribs, cofferdams, walls, and other necessary devices and apparatus for the operation or protection of wharves and docks.

Details of Wharves

(See general instructions, section 4)

Bridge pontoons	Dry docks	Freight handling equip-
Bulkheads	Ferry bridge machinery	ment
Caissons	Ferry bridges	Jetty inclines
Conveyors	Ferry racks	Transfer bridge machinery
Cribwork	Ferry slips	Transfer bridges

NOTE A—The cost of the land on which wharves are built and cost of riparian or water rights for wharves and docks shall be charged to account No. 2, "Land".

NOTE B—The cost of buildings located on wharves shall be included in the accounts appropriate for the class of buildings.

NOTE C—The cost of grading and preparing grounds both before and after the construction of wharves and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the wharves, but the cost of restoring the grounds after subsequent construction work shall be included in the appropriate expense accounts. The cost of permanent water rights shall also be included in the cost of the wharves.

NOTE D—The cost of ties, rails and other track material used in the construction of tracks laid on wharves and docks shall not be included in this account, but in accounts No. 8, "Ties", No. 9, "Rails", or No. 10, "Other track material", as may be appropriate.

NOTE E—The structures referred to in this account do not include small transfer or storage trestles or wharves at stations where coal is stored or delivered, such trestles being classed as station buildings.

26. Communication Systems.

This account shall include the cost of telegraph, telephone, radio, radar, inductive train communication, and other communication systems including terminal equipment.

The cost of the plant and equipment herein shall include both the rail and commercial facilities, but shall be subdivided into two sections—

(A) Those assigned to and used in the railway's rail operations.

(B) Those assigned to and used in the railway's commercial operations.

Where these assets are used jointly in both types of operation, the facilities assigned to each shall be estimated by the carrier and classified accordingly.

Each subsection of the account shall be further subdivided into such primary accounts as will facilitate the calculation of appropriate depreciation rates for the respective classes of assets. (See general instructions, sections 10 and 11)

Details of Telegraph and Telephone Terminal Equipment

(See general instructions, section 4)

Batteries	Fuses and mechanical protectors
Buildings used principally for communications purposes	Rectifiers
Cables and wires, interior	Rheostats
Carrier terminating equipment	Sending and receiving instruments
Conduits, interior	Switchboards
Connecting wires	Telegraph repeaters
Current controlling instruments	Telephone repeaters
Electric generators and motors	Teletypewriters
Electric meters	Testing outfits
Engines, stationary	Transformers

Details of Telegraph and Telephone Outside Plant

(See general instructions, section 4)

Aerial attachments	Guy wires
Braces	Insulators
Brackets	Load coils
Cable boxes and appurtenances	Poles
Cables and wires, aerial	Submarine cables and connections
Conduits and appurtenances	Telephone pole boxes
Cross arms	Towers
Gas and associated facilities for cables	Underground cables and connections
Guy stubs	

Details of Radio, Radar, and Inductive Train Communication Equipment

(See general instructions, section 4)

Aerials or antenna, and attachments
Buildings or towers used exclusively for wireless
Control units
Power generating, converting, or supply equipment
Radar console and associated equipment
Roadside or office equipment for all wireless systems operated on special channels between train and train, train and tower or office, or between ship and shore
Specialized testing and repair equipment
Transmitters and receivers, including mobile units

NOTE A—Radio, radar or trainphone equipment (except portable apparatus) which is permanently attached to locomotives, cars, work equipment, or other rolling stock, or floating equipment used in water transfer service shall be included in the same accounts as the equipment on which installed. Wireless sets for instruction, advertising or entertainment shall be included in the same accounts as the building in which located.

NOTE B—Communication systems of limited extent, not connected with other systems, used for special purposes and usually installed within a single building, group of buildings, or within the limits of a station or shop layout or yard, shall be included in the same account as the building in which located or in the account appropriate for the service with which associated.

Items

(See general instructions, section 4)

Buzzers, bells, dictaphones or other interoffice communication systems in an office or group of buildings
Loud speakers, bells or whistles in shop and other yards
Loud speakers, public address devices, press button control lights, telautograph or other systems in stations or on platforms
Whistles, klaxons or horns operated from signal towers

NOTE C—Test sets shall be classified as tools and included in the account appropriate for their use.

27. Signals.

This account shall include the cost of interlocking and other signal apparatus for governing the movements of locomotives, cars, and trains, and for the protection of traffic at crossings, including towers and other buildings, furniture, fixtures, and machinery in connection therewith; roadway installations for train control and remote control including the cost of the initial tests of such installations; also the cost of buildings and machinery of power plants used primarily for the production of power for the operation of signals and interlockers.

Items

(See general instructions, section 4)

Air compressors	Power apparatus primarily for the operation of signals and interlockers
Automatic train control devices other than on equipment	Power distribution lines primarily for the operation of signals and interlockers
Batteries	Rail bonds
Battery wells and houses	Railway crossing signals
Boilers	Relays
Call bell system along track to call in flagmen	Semaphores
Call boxes, electric	Signal and switch levers
Car retarder systems	Signal arms
Centralized traffic control	Signal blades
Conduits for pipe and wire	Signal bridges
Crossing flasher light signals	Signal buildings
Crossing gates, highway and railway	Signal cables
Crossing signal bells	Signal lamp brackets and connections
Crossing warning signals	Signal lamps
Distant signals	Signal machinery
Dynamos	Signal poles and foundations
Engines, stationary	Signal pulleys and foundations
Home signals	Special appliances
Impedance bonds	Station signals
Interlocker buildings	Trains order signals
Interlocker machinery	Wiring
Interlocker mechanism	
Levers	

NOTE A—When signal or interlocking apparatus is located in a station building, only the cost of the signal or interlocking apparatus shall be charged to this account. The entire cost of the building shall be included in account No. 16, "Station and office buildings".

NOTE B—The cost of track material, such as switches, special rail braces, special rods, special track fastenings, split rails, derails, derail stands, and frogs, used in connection with interlockers, shall be included in account No. 10, "Other track material".

NOTE C—When derails are arranged so as to be thrown from switch stands, the cost of labour expended in the installation of the connections between the switch stand and derail and the devices for throwing the derail shall be included in account No. 12, "Track laying and surfacing". The cost of the material shall be included in account No. 10, "Other track material".

NOTE D—The cost of grading and preparing grounds both before and after the construction of signal and interlocker buildings, and the cost of constructing side-walks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after subsequent construction work shall be included in the appropriate expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

29. Power Plants.

This account shall include the cost of power plant and substation buildings (housing machinery provided for in account No. 60, "Power plant machinery"); all foundations other than those special to particular machines and apparatus; and also dams, canals, pipe lines, and accessories devoted to the utilization of water for power. Gas and sewer pipes and their connections, fixtures (including wiring) for lighting and heating, and furniture and miscellaneous fixtures, shall be considered as a part of the power plant buildings.

Power Plant Structure Items
(See general instructions, section 4)

Buildings	Hose and appliances for protecting
Coal pockets and trestles	buildings against fire
Coal bunkers	Pavement within ground limits
Fences (other than right of way boundary fences)	Permanent rights in water supply
Fixtures for lighting (including wiring) and heating power plant buildings	Smoke stacks and chimneys and their foundations when distinct from and not resting on boilers
Foundations (except special foundations for machines and other apparatus)	Water, sewer, gas, and drainage pipes and connections
Fuel oil tanks	Wells (but not pumps)
Furniture	

Dam, Canal, and Pipe Line Items
(See general instructions, section 4)

Aqueducts	Inlet valves
Bridges	Penstocks
Fences (other than right of way boundary fences)	Reservoirs
Footbridges	Roadways
Forebays	Sluices
Gates	Valves
Grids	Water rights

NOTE A—The cost of power plant machinery, including stacks resting on boilers, and special foundations for machines, shall be included in account No. 60, "Power plant machinery".

NOTE B—The cost of the buildings and of the power machinery and other apparatus of plants used primarily for operating signals and inter-lockers shall be included in account No. 27, "Signals".

NOTE C—Investment in buildings and machinery of detached plants for furnishing power both for operating purposes and for sale shall be included in this account and in account No. 60, "Power plant machinery", respectively. When plants are intended and used primarily for generating power for sale to other than common carriers, the investment shall be included in account No. 705NR, "Non-rail property".

31. Power Transmission Systems.

This account shall include the cost of systems for conveying electricity, steam, and compressed air from producing plants to place or building where used; also the cost of conduits and of poles, cross arms, insulator pins, brackets, and other pole fixtures, and of other structures for power transmission and distribution systems, including those for electric railway operation, and lighting systems for general lighting purposes.

Power Transmission System Items
(See general instructions, section 4)

Air pipe lines in car yards	Rail insulating devices
Cables	Span wires
Compressed air pipe lines	Steam heating pipe lines in car yards
Compressed air storage tanks (not at power houses or shops)	Steam pipe lines
Cut-outs (not at power houses and substations)	Switchboards (not at power houses and substations)
Feed wires	Third rail
Guard wires	Third rail braces
Insulators and connections	Third rail insulation and protection
Overhead trolley wires	Third rail supports
Rail bond plugs	Transformers (not at power houses and substations)
Rail bonds	Underground power tubes

Pole Line and Conduit Items

(See general instructions, section 4)

Braces and other supports for holding poles in position	Insulator pins
Brackets and other pole fixtures	Manholes
Conduits for wires and cables	Poles
Cross arms	Sewer traps
Cutting and trimming trees	Stenciling or painting letters or numbers on poles
Guy stubs	Towers
Guy wires	

NOTE A—The cost of wire and pipe distribution systems located within shop buildings and in stations and office buildings shall be included in the cost of the buildings, except that lateral service lines to equipment shop machines shall be included in account No. 59, "Shop machinery". The cost of distribution systems used primarily for operating signals and interlockers shall be included in account No. 27, "Signals".

NOTE B—The cost of conduits, poles and fixtures for telegraph and telephone, or signal lines shall be included in account No. 26, "Communication systems", or account No. 27, "Signals", as appropriate. The cost of poles and conduits used for telegraph and telephone or signal lines and for power distribution lines shall be included in the account appropriate according to their predominant use.

35. Other Structures.

This account shall include the cost of all permanent structures not provided for elsewhere, including all fixtures and furniture to equip them.

37. Roadway Machines.

This account shall include the cost of the roadway machines provided for road maintenance at the time the road is opened for commercial traffic, and the cost of additional roadway machines acquired subsequently. (See general instructions, section 7)

List of Roadway Machines

(See general instructions, section 4)

Boilers, portable	Concrete mixers	Pile drivers
Cars, hand	Ditching machines	Plows, unloading
Cars, lever	Dredging machines	Rail unloaders
Cars, motor inspection	Engines, portable	Rock crushers
Cars, push	Grading outfits	Steam rollers
Cars (small), crane, for supply yards and general use	Hydraulic outfits	Timber trucks
	Jacks, hydraulic	Velocipedes
	Log loaders	

NOTE A—When an important addition or replacement project or the construction of a new line necessitates the purchase of roadway machines to be used exclusively thereon, the cost shall be included in the accounts to which the cost of the work is charged. The amount realized from any subsequent sale, or the appraised value of the machines retained after the completion of the special work for which they were purchased, shall be credited to the accounts charged with the cost thereof. The appraised value of such machines retained shall be debited to this account and thereafter considered as the cost of such property.

NOTE B—The cost of machines for the equipment of roadway shops shall be included in account No. 17, "Roadway buildings", as provided for therein.

NOTE C—The cost of roadway machines, such as pile drivers, log loaders, hoist engines, and concrete mixers, when permanently mounted for movement on the carrier's tracks, shall be included in account No. 57, "Work equipment".

NOTE D—The cost of mobile equipment used at terminals stations and office buildings shall be included in account No. 16½, "Station and office movable equipment".

38. Roadway Small Tools.

This account shall include the cost of the roadway and track small tools provided for road maintenance at the time the road is opened for commercial traffic, also the cost of such tools provided for the maintenance of extensions of such road.

List of Roadway Tools (See general instructions, section 4)

Adzes	Hammers, napping	Rope
Anvils	Hammers, paving	Saws, crosscut
Augers	Hammers, spiking	Saws, hand
Axes	Handles for tools	Scrap boxes
Ballast forks	Hatches	Scythes
Bars, claw	Hoes	Shovels
Bars, crow	Jack levers	Sickles
Bars, lining	Jacks, ratchet	Sledges
Bars, pinch	Jacks, screw	Spades
Bars, raising	Jacks, track	Spike mauls
Bars, tamping	Kegs, water	Spike pullers
Braces and bits	Ladders	Spot boards
Brooms	Lanterns and fixtures	Squares
Brush hooks	Lawn mowers	Straightening machines
Cable stretchers	Levels	Tape lines
Cables	Lines for ditching	Thermometers for laying
Cans, oil	Nippers	rail
Cans, water	Oilstones	Tongs
Cant hooks	Padlocks	Tool boxes
Chains	Pails, water	Torches
Chisels, track	Paint brushes	Track gauges
Chisels, wood	Picks, clay	Track levels
Curbing hooks	Picks, tamping	Vises
Dippers	Pike poles	Weed spuds
Drawing knives	Post-hole diggers	Wheelbarrows
Drill bits	Post-hole tampers	Whetstones
Drills, portable	Punches	Wood mallets
Flags, signal	Rail benders	Wrenches, monkey
Furnaces, portable	Rail tongs	Wrenches, track
Grindstones	Rakes	

NOTE—The cost of roadway and track small tools of which no specific record is kept shall be charged when acquired to an appropriate materials and supplies account, from which they shall be charged as issued.

39. Public Improvements.

This account shall include amounts assessed on carrier property by governmental authority (by mutual agreement or otherwise) to cover the cost of constructing public improvements, when such assessments are made against property within defined areas of taxing districts. It shall also include the cost borne by the carrier of public improvements constructed by it under governmental requirements.

The entire amount of each assessment for public improvements shall be included in this account as soon as it is determined.

Items (See general instructions, section 4)

Cost of land outside carrier's right of way to provide for the relocation of streets or highways or providing slopes therefor.

Cost of removal and relocation of buildings and other structures in connection with the construction of streets and highways.

Curbing streets and highways
 Damage to property of others when
 incidental to highway construction
 Drainage systems
 Engineering—When such costs apply to
 items chargeable to this account
 Flood protection
 Grading streets and highways
 Guttering streets and highways
 Irrigation systems

Levees
 Overhead highway bridges, including
 approaches
 Paving streets and highways, including
 such pavings at crossings
 Planking highway crossings
 Sewer systems
 Sidewalks
 Street lighting systems
 Water works

NOTE A—The cost of railway facilities installed in connection with joint public improvement projects if not in excess of total costs borne by the carrier shall be included in accounts other than account No. 39, "Public improvements", appropriate for the class of property installed. Any costs borne by the carrier in excess of the cost of railway facilities shall be charged to this account.

NOTE B—The cost to the carrier of maintaining public improvements shall be included in Expenses.

NOTE C—Any portion of the cost of public improvements which is included in the general tax levy for a regular taxing district shall be included in the account appropriate for taxes.

NOTE D—The amount of the deferred payments of assessments for public improvements, if payments are to be made within one year, shall be included in account No. 768, "Other current liabilities". If the payments are spread over a longer period they shall be credited to account No. 770, "Other deferred liabilities". The interest paid on such assessments shall be included in account No. 547C, "Interest on unfunded debt".

NOTE E—Interest and penalties imposed, on basis of monthly or annual percentage rates, for failure to pay assessments within the allotted time shall be charged to account No. 547C, "Interest on unfunded debt".

NOTE F—Assessments on noncarrier property for the cost of constructing public improvements shall be charged to account No. 705NR, "Non-rail property".

40. Net Revenue During Construction.

This account shall include the cost of operating a stretch of road during the period before the regular operation of revenue trains, including rent and repairs of equipment used in commercial service during such period. It includes the cost of running construction trains over such stretch of road when the cost of operating such trains can not properly be charged to any specific account.

To this account shall be credited amounts collected for rents of buildings and other properties, and for the transportation of commercial freight or of passengers on construction trains; also the net profits from boarding and commissarial outfits, and other sources of revenue.

Carriers wishing to subdivide this account shall use appropriate sub-accounts corresponding to accounts prescribed for revenue, expenses, or income accounts.

43. Other Expenditures—Road.

This account shall include items which can not properly be included in any of the foregoing accounts as a part of the cost of any specific work, amounts paid for rent and repairs of equipment and for injuries to persons incident to and in connection with original road, road extensions, additions

or replacements; and analogous items. When assignable, such expenditures shall be included in the cost of the property in connection with which the expenditure occurs.

NOTE—Rents paid for and repairs made to equipment used in commercial operations during the period before the regular operation of revenue trains shall be charged to account No. 40, "Net revenue during construction".

47. Unapplied Construction Material and Supplies.

This account shall include the cost of material and supplies located at the point of use which have been purchased for projected new roads and road extensions.

The purpose of this account is to exclude from the current assets the cost of supplies and unapplied material which are located for use on projected new roads and road extensions, under the condition that the material will not be used for other purposes.

NOTE A—Material and supplies designed for projected new roads and road extensions which are carried in storehouses and store yards and included in the general stock of an operating company shall be included in account No. 716, "Material and supplies".

NOTE B—The cost of unapplied materials and supplies on hand at the completion of construction work shall be transferred to account No. 716, "Material and supplies".

II. EQUIPMENT.

The several primary accounts included in this general account are designed to show the cost of the several classes of equipment owned or leased by the accounting carrier, or held under equipment trust agreements for purchase, and used or held for use for rail transportation purposes.

51. Steam Locomotives.

This account shall include the cost of steam locomotives and tenders, purchased, built or leased by the carrier, and of appurtenances, furniture, and fixtures necessary to equip them for service, including the cost of inspection, setting up, and trying out after receipt from builders, and transportation charges to the carrier's line.

List of Appurtenances to Locomotives (See general instructions, section 4)

Air brake equipment and hose	Fire extinguishing apparatus	Speed recorders
Arm rests	Gongs	Steam gauge lamps
Awnings	Head lamps	Steam heat equipment and hose
Brake fixtures	Metallic packing	Storm doors
Cab cushions	Pneumatic sanding equipment	Tool boxes
Cab lamps	Seat boxes	Train signal equipment and hose
Clocks	Signal lamps	
Coal boards		

52. Diesel Locomotives.

This account shall include the cost of diesel locomotives purchased, built or leased by the carrier and of appurtenances, furniture, and fixtures necessary to equip them for service, including the cost of inspection, setting up, and trying out after receipt from builders, and transportation to the carrier's line.

52½. Other Locomotives.

This account shall include the cost of locomotives, other than steam or diesel, purchased, built or leased by the carrier, and of appurtenances, furniture, and fixtures necessary to equip them for service, including inspection, setting up, and trying out after receipt from builders, and transportation charges to the carrier's line.

NOTE—Cars with motor equipment are not to be classed as locomotives.

53. Freight Train Cars.

This account shall include the cost of freight train cars of all classes, including motor driven cars, purchased, built or leased by the carrier, including all appurtenances, furniture, and fixtures necessary to equip them for service, and the cost of inspection and transportation charges to the carrier's line.

List of Freight Train Cars

(See general instructions, section 4)

Automobile	Fruit	Platform
Ballast (commercial)	Furniture	Poultry
Box	Gondola	Produce
Caboose	Hay	Rack
Charcoal	Lime	Refrigerator
Coal	Logging	Stock
Coke	Machinery	Tank and water (when
Dump (commercial)	Oil tank	used as commercial
Flat	Ore	cars)

List of Appurtenances to Freight Train Cars

(See general instructions, section 4)

Air brake equipment, including hose	Cooking equipment and utensils	Lamps and fixtures
Automobile loading equipment permanently attached	Cushions	Seats
	Heating equipment	Speed recorders
	Ice boxes	Train signal equipment, including hose
		Water tanks

54. Passenger Train Cars.

This account shall include the cost of passenger train cars of all classes, including motor driven cars, purchased, built or leased by the carrier, including all appurtenances, furniture, and fixtures necessary to equip them for service, and cost of inspection and transportation charges to the carrier's line.

List of Passenger Train Cars

(See general instructions, section 4)

Baggage	Colonist	Passenger
Baggage-express	Combination passenger and baggage	Passenger-baggage
Baggage-mail	Dining	Passenger-baggage-mail
Baggage-mail express	Express	Postal
Buffet	Mail	Refrigerator-express
Cafe	Milk	Sleeping
Chair	Observation	Smoking
Club	Parlour	Tourist
Coach		

List of Appurtenances to Passenger Train Cars

(See general instructions, section 4)

Air brake equipment, including hose	Floor coverings	Ranges and boilers
Air conditioning equipment	Generators	Seats
Awnings	Heating equipment and steam hose	Speed recorders
Batteries, storage	Ice boxes	Steam heat hose
Chairs	Ice tanks	Tables
Coat hooks	Lighting equipment	Toilet equipment
Electric bells	Mirrors	Train signal equipment, including hose
Electric fans	Parcel racks	Water tanks

56. Vessels.

This account shall include the cost of marine or floating equipment of all kinds except work equipment, purchased, built or leased by the carrier, including all appurtenances, furniture, and fixtures necessary to equip it for service, and cost of inspection and transportation charges to the carrier's line.

List of Vessels

(See general instructions, section 4)

Barges	Lighters	Steamboats
Canal boats	Power launches	Steamships
Car and other floats	Power lighters	Transfer boats
Ferryboats	Scows	Tugboats

List of Appurtenances to Vessels

(See general instructions, section 4)

Anchors	Floor coverings	Pumps
Axes	Flue cleaners	Racks
Barometers	Furniture	Radio apparatus
Beds and bedding	Gangplanks	Railings
Binnacle lamps	Hatchets	Rakes
Blocks and tackle	Heating equipment	Rigging
Boilers and foundations	Hoisting equipment	Safes
Cables	Hooks	Sails
Capstan bars	Keys	Scales
Carpets	Kitchen equipment	Seats, chairs and cushions
Charts	Life boats	Shovels
China, crockery, and glass-ware	Life preservers	Slice bars and pokers
Chronometers	Lighting equipment	Spyglasses
Clocks	Linen	Steam distribution systems
Compasses	Lines	Steering equipment
Counters	Logs	Telescopes
Desks	Machinery and foundations	Ticket cases
Engines and foundations	Masts	Tool boxes
Fire buckets	Office furniture	Tools, miscellaneous
Fire extinguishers	Oil cans	Tracks on car floats
		Ventilating equipment

57. Work Equipment.

This account shall include the cost of work equipment, including motor driven equipment, purchased, built or leased by the carrier, cost of appurtenances, furniture, and fixtures necessary to equip it for service, and cost of inspection and transportation charges to the carrier's line.

List of Rail Work Equipment (See general instructions, section 4)

Air brake instruction cars	Gas tank cars	Scale test cars
Ballast cars	Grading cars	Snow plows (not attached
Ballast unloader cars	Gravel cars	to but moved by loco-
Boarding cars	Gravel spreaders	motives)
Bunk cars	(mounted)	Sprinkling cars
Business cars	Indicator cars	Steam shovels
Cinder cars	Locomotive tanks used	Steam wrecking derricks
Concrete mixers	as water cars	Supply cars
(mounted)	Locomotives	Sweeper cars
Cranes (mounted)	Officers' cars	Tool and block cars
Derrick cars	Outfit cars	Water cars
Ditching cars	Painters' cars	Weed burners and cutters
Dump cars	Pay cars	(mounted)
Dynamometer cars	Pile drivers (mounted)	Wrecking cars
Flanger cars	Rail saws (mounted)	

List of Vessel Work Equipment (See general instructions, section 4)

Derricks	Dredges	Pile drivers
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Appurtenances to Vessel Work Equipment (See general instructions, section 4)

Anchors	Fire buckets	Masts
Axes	Floor coverings	Oil cans
Barometers	Flue cleaners	Pumps
Beds and bedding	Gangplanks	Rakes
Blocks and tackle	Hatchets	Riggings
Boilers and foundations	Heating equipment	Sails
Cables	Hoisting equipment	Seats and chairs
China, crockery, and glass-	Hooks	Shovels
ware	Keys	Slice bars and pokers
Compasses	Life preservers	Steam distribution systems
Cushions	Lighting equipment	Steering equipment
Desks	Linen	Tool boxes
Engines and foundations	Lines	Tools, miscellaneous
Fire extinguishers	Machinery and foundations	Wrenches

58. Other Equipment.

This account shall include the cost of wagons, automobiles, buses and other highway vehicles. Vehicles engaged in cartage express (other than overseas express service) and highway transport services shall be included except where such assets are owned by separately incorporated companies.

The cost of automotive equipment whose operations are classified as non-rail shall not be included in this account but in account No. 705NR, "Non-rail property". (See general instructions, section 10)

NOTE—The cost of trucks, both hand and power operated used in the handling of traffic at stations or terminals shall not be included in this account, but in account No. 16½, "Station and office movable equipment".

59. Shop Machinery.

This account shall include the cost of machinery and other apparatus in shops and enginehouses, including the cost of special foundations and installation, and cost of small hand tools necessary to equip a shop.

List of Shop Machinery

(See general instructions, section 4)

Air compressors	Framing machines	Planers
Ash conveyors	Furnaces	Pneumatic hammers
Belting	Grinding and polishing machines	Power equipment
Blowers	Hoists	Punches
Boilers for furnishing power	Hydraulic jacks	Riveters
Boring machines	Lathes	Saws
Cars, motor	Lifting magnets	Shafting
Cars, push	Metal chimneys	Shapers
Cranes	Milling machines	Slotters
Drill presses	Motors	Stationary engines
Drilling machines	Pipe cutting and threading machines	Steam hammers
Drop tables		Vises
Forges		Welding machines
		Woodworking machines

NOTE A—The cost of power plant machinery and other apparatus for shop purposes, when located in distinct buildings, shall be included in account No. 60, "Power plant machinery".

NOTE B—The cost of foundations other than those special to particular machines and other apparatus shall be included in the cost of the building, and not in this account.

60. Power Plant Machinery.

This account shall include the cost of machinery and other apparatus in power plants and substations for generating and transforming power used for the operation of trains and cars or to furnish power, heat, and light for stations, shops, and general purposes, and also the cost of foundations special to particular machines or other apparatus including the cost of installation.

Items of Power Plant Machinery

(See general instructions, section 4)

Air compressors	Machinery
Ammeters	Mechanical stokers
Ash conveying machinery	Metal stacks on boilers
Batteries	Piping
Battery charging apparatus	Pumps
Belting	Purifiers
Boiler room appliances and tools	Refrigerating machinery and apparatus
Boilers and fittings	Rheostats
Boosters	Rotary convertors
Cables, interior	Sewer connections for machinery
Circuit breakers	Shafting
Clutches	Special foundations for machines
Coal conveying machinery	Stationary engines
Condensers	Steam distribution systems within the plant
Conductors	Steam fittings
Cranes	Switchboards
Cut-outs	Switches
Draft machinery	Tanks
Dynamos	Tractors, trailers, and trucks, permanently assigned to power plants
Economizers	Transformers
Engine room appliances and tools	Turbines
Feed water heaters	Voltmeters
Furnaces	Water meters
Generators	Waterwheels
Hangers	Well pumps
Hoists	Wires from generators or transformers to switchboard
Ice manufacturing machinery and apparatus	
Insulators	
Lubricating devices	

NOTE A—The cost of power machinery and other apparatus installed in a shop as part of the shop equipment shall be included in account No. 59, "Shop machinery".

NOTE B—The cost of power machinery and other apparatus installed in station and office buildings shall be included in account No. 16, "Station and office buildings".

NOTE C—The cost of the buildings and the power machinery and other apparatus of plants used primarily for operating signals and interlockers shall be included in account No. 27, "Signals".

NOTE D—The cost of foundations other than those special to particular machines and other apparatus shall be included in the cost of the building and not in this account.

NOTE E—The cost of machinery and buildings of detached plants for producing power both for operating purposes and for sale shall be included in this account and in account No. 29, "Power plants", respectively. When plants are intended and used primarily for generating power for sale to noncarriers the investment shall be included in account No. 705NR, "Non-rail property".

III. GENERAL EXPENDITURES.

The primary accounts of this general account are designed to include expenditures made in connection with the acquisition and construction of original road property and extensions or additions thereto, when such expenditures can not properly be included in any of the foregoing accounts as a part of the cost of any specific work. When assignable, such expenditures shall be included in the cost of the property in connection with which the expenditures occur.

An equitable proportion of the balances carried in accounts No. 1 and Nos. 71 to 77, inclusive, applicable to road property retired, shall be credited thereto and concurrently charged to account No. 779, "Accrued depreciation—road and equipment", or No. 779NR, "Accrued depreciation—road and equipment—United States lines", as applicable.

71. Organization Expenses.

This account shall include all fees paid to governments for the privilege of incorporation, and office and other expenditures incident to organizing the corporation and putting it in readiness to do business and special counsel fees, cost of procuring the necessary certificates from governmental authorities, and other like costs.

NOTE A—Cost of soliciting for loans or for the sale of bonds or other evidence of indebtedness shall be charged to account No. 725, "Discount on funded debt".

NOTE B—The cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock, cash fees and the actual cash value (at the time of organization) of securities paid to promoters for their services in organizing the enterprise and the cost of preparing and issuing certificates of stock shall not be included in this account but charged to account No. 621, "Other charges".

72. General Officers and Clerks.

This account shall include the pay and expenses of executives and general officers and of general office clerks engaged exclusively in connection with the construction of new road property and extensions or additions thereto.

NOTE—The salaries and expenses of executive and general officers and of general office clerks engaged in connection with the conduct of commercial operations during the period before the regular operation of revenue trains shall be included in account No. 40, "Net revenue during construction".

73. Law.

This account shall include specific and distinct expenditures, not provided for elsewhere, for law service in connection with the acquisition of new road property and extensions and additions thereto such as pay and expenses of counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices.

Items of Expenses (See general instructions, section 4)

Arbitrators' services in settlement of disputed questions	Legal forms
Cost of taking depositions	Legal reports
Cost of testimony	Notarial fees not provided for elsewhere
Costs of suits	Office expenses
Court bonds	Printing of briefs, testimony, etc.
Court expenses	Rent of offices
Express charges	Special fees
Fees and retainers of attorneys not regularly employed	Telegraph service
Law books	Telephone service
	Travelling expenses
	Witness fees not provided for elsewhere

NOTE—Court costs and special counsel fees in connection with the acquisition of land for transportation operations shall be included in account No. 2, "Land".

74. Stationery.

This account shall include the cost of stationery, stationery supplies, postage, office devices, and printed matter used by any class of employees in connection with the acquisition of new road property, and extensions and additions thereto, not provided for elsewhere.

Items of Stationery (See general instructions, section 4)

Adding machines	Duplicators	Paper clips
Addressographs and supplies	Electric pens	Paper cutters
Arm rests	Envelopes	Paper fasteners
Binders	Erasers, rubber and steel	Paper files
Blank books	Eyelet punches	Paper weights
Blotters	Eyelets	Papyrographs
Blotting paper	File boxes	Parchment paper
Bristol board	Forms, blank and printed	Pencil sharpeners
Calculating machines	Fuel tickets	Pencils for writing and drawing
Calendars	Glass pens	Penholders
Carbon paper	Hectographs	Penracks
Cardboard	Indexes	Pens for writing and drawing
Cards, blank and printed	Ink for writing and drawing	Phonographs and records
Circulars	Inkstands	Pins
Computing tables	Invoice books	Postage
Copy (impression) books	Legal cap paper	Punches (not conductors' or baggagemen's)
Copying brushes	Letter paper	Rubber bands
Copying presses	Manifold paper	Rubber stamps
Crayons	Manifold pens	Rulers
Cross section books	Mimeographs	Ruling pens
Cross section paper	Mucilage	Scrapbooks
Cyclostyles	Mucilage brushes	Sealing wax
Dating stamps and ribbons	Neostyles	Seals
Dictaphones	Note paper	Shears
Dictographs	Notices	Shipping tags
Drawing paper	Numbering stamps	Shorthand notebooks
	Oil paper	
	Paper	
	Paper baskets	

Sponge cups	Time tables	Wage tables
Sponges	Tissue (impression)	Wastebaskets
Stamps, impression	paper	Water colors
Stylographs	Tracing cloth	Water holders
Tablets, blank and	Tracing paper	Waybills
printed	Twine	Wrapping paper
Tape	Typewriters and	Wringers for copying
Telegraph blanks	ribbons	presses

NOTE A—The cost of printing bonds, etc. in connection with the carrier's funded debt shall be included in account No. 725, "Discount on funded debt".

NOTE B—The cost of stationery and printing, when assignable, shall be included in the cost of the property in connection with the acquirement or construction of which the expenditure occurs.

75. Taxes.

This account shall include provincial, county, township, city, school, road, annual franchise, and all other taxes and assessments levied and paid on property belonging to the carrier during construction and before the facilities are used for commercial operations, except special assessments for street and other improvements chargeable to account No. 39, "Public improvements".

NOTE—Taxes during construction, when assignable, shall be included in the cost of the property acquired or constructed.

76. Interest During Construction.

This account shall include interest during construction, which has been charged to the Property accounts. Amounts so charged in the carriers' accounts prior to the adoption of this classification shall be included herein. Upon adoption of this classification the following rules will be in effect for subsequent charges to this account:

- (1) The sources of funds used in construction of the rail project are immaterial. It does not matter whether the carrier issues bonds, debentures or other securities or requires no special financing.
- (2) Interest during construction shall be calculated and charged only provided the amounts invested exceed \$1,000,000, and have been outstanding for a period in excess of one year.
- (3) The interest rate applied shall be the average monthly rate of return of marketable bonds as determined by exchange brokers.
- (4) It is at the option of the carrier as to whether interest during construction shall be included, following the basis referred to above.
- (5) The carrier shall obtain the approval of the Board of Transport Commissioners before charging interest during construction.
(See general instructions, section 17)

77. Other Expenditures—General.

This account shall include all expenditures of a special and incidental nature in connection with the acquisition and construction of new road property, and extensions and additions thereto, which cannot properly be included in any other account in this classification.

TEXT PERTAINING TO REVENUE ACCOUNTS

I. TRANSPORTATION—RAILWAY LINE.

The primary accounts included in this general account are designed to show amounts of money which the carrier becomes entitled to receive or which accrue to its benefit from service rendered in transporting property or persons by rail line. (See general instructions, section 3)

Separate general and primary accounts are provided for express, commercial communications and highway transport operations classified as rail to enable the results of such operations, and rail line operations to be reported on a departmental basis. (See general instructions, section 10)

101. Freight.

This account shall include revenue from the transportation of freight and from transit, stop, and reconsigning privileges, upon the basis of tariff rates.

Items to be Credited

(See general instructions, section 4)

- (a) Revenue upon the basis of local freight tariff rates, regardless of class of train in which the freight is transported.
- (b) The carrier's proportion of revenue upon the basis of through freight tariff rates, regardless of class of train on which the freight is transported.
- (c) Revenue from transportation of mail matter, and empty mail pouches, at freight tariff rates.
- (d) Revenue from transportation of freight on special trains.
- (e) Revenue on basis of classifications and freight tariffs from transportation of caretakers of freight shipments.
- (f) Revenue from reconsigning privileges.
- (g) Revenue from stop privileges.
- (h) Revenue from transit privileges.
- (i) Revenue upon the basis of arbitraries out of freight rates for transportation involving water transfers (ferriage, lighterage, and floatage). (See general instructions, section 10)
- (j) Revenue from the transportation of freight in motor trucks under rail tariff rates, and covered by rail waybill.
- (k) Revenue from transportation of milk at rates per special weights.
- (l) Revenue from governmental authorities under subsidy arrangements relating to reduced freight rates.
- (m) Revenue from cartage services covered by tariff.
- (n) Revenue from the transportation of automobiles in freight service in connection with the transporting of passengers, also revenue from loading and unloading automobiles.

Items to be Charged

(See general instructions, section 4)

- (a) Amounts paid as bridge and ferry arbitraries on freight.
- (b) Amounts paid for completing a haul.
- (c) Amounts paid for elevation of freight.
- (d) Amounts paid for switching services, in connection with the transportation of freight, on the basis of switching tariffs, and allowances out of through rates, including amounts paid for switching empty cars in connection with a freight revenue movement.

- (e) Amounts paid for transferring freight between stations.
- (f) Amounts paid on basis of tariff rates for loading and unloading livestock.
- (g) Arbitraries and allowances to others for lighterage and wharfage.
- (h) The carrier's proportion of overcharges resulting from the use of erroneous rates, weights, classifications or computations.
- (i) The carrier's proportion of refunds on account of errors in routing and billing.
- (j) The carrier's proportion of uncollected revenue on freight lost or destroyed in transit or refunds of revenue on such shipments.
- (k) The carrier's proportion of uncollected tariff charges on damaged shipments for which charges neither shipper nor consignee is liable.
- (l) Amounts paid or allowed to highway transport or express organizations, classified as rail under section 10 of general instructions in connection with the road-haul, cartage or pick-up and delivery of freight traffic.

NOTE A—Amounts paid for switching empty cars otherwise than in connection with loaded movements shall be charged to account No. 411, "Other expenses", except that amounts paid for switching equipment for repairs shall be included in the appropriate equipment repair accounts.

NOTE B—Other carriers' proportion of revenue and of uncollectible undercharges paid by the carrier on account of its errors in routing and billing shall be charged to account No. 411, "Other expenses".

NOTE C—Other carriers' proportion of revenue paid by the carrier on freight lost, destroyed, or damaged in transit, for which neither consignees nor consignors are liable shall be charged to account No. 418, "Loss and damage—freight".

NOTE D—When a lessee company transports freight over the tracks of another carrier on the basis of a proportion of revenues under a joint arrangement, it shall include the entire compensation in its revenues and statistics, charging the appropriate joint facility expense and rental accounts with the amounts paid the lessor company, and the lessor company shall credit the corresponding accounts. The accounting in connection with transportation train service operated under a joint arrangement for the benefit of two or more carriers shall be as provided in section 14 of the general instructions.

NOTE E—The accrued revenue derived from the transportation of cream, sweet milk, etc., on a basis of tariffs at rates per package, regardless of weights, shall be included in account No. 109, "Milk".

NOTE F—This account shall be maintained so as to show separately payments and allowances (a) to railway express organizations (b) to motor truck companies and others, (c) to shippers and consignees, for terminal collection and delivery services when performed in connection with line haul transportation of freight (d) payments for switching services when performed in connection with line haul transportation of freight on the basis of switching tariffs and allowances out of freight rates, including the switching of empty cars in connection with a revenue movement, and (e) payments on basis of tariff rates for loading and unloading livestock.

102. Passenger.

This account shall include the revenue from transportation of passengers at passenger tariff fares; from the transportation of passengers at special fares, and from incidental charges in connection therewith.

Items to be Credited

(See general instructions, section 4)

- (a) Revenue from local passenger fares.
- (b) The carrier's proportion of revenue from interline passenger fares.
- (c) Revenue from extra fares.
- (d) Revenue from additional fares or charges for exclusive use of a passenger car, drawing room, compartment, bedroom, etc.
- (e) Revenue from circus trains.

- (f) Revenue from transportation of passengers in special cars or on special trains when charge is based on passenger fare per capita, regardless of the number of passengers actually transported.
- (g) Revenue from a guaranteed minimum amount not based on per capita fare, for transportation of passengers on special or chartered trains.
- (h) Cash fare penalty collections.
- (i) Unclaimed collections and deposits for transportation of passengers.
- (j) Passenger fare overcharges.
- (k) Revenue from transportation of corpses based on passenger fares.
- (l) Revenue from water transfers (ferriage), bridge tolls, and transfers between railway stations or between railway stations and docks, received as arbitraries in division of passenger fares.
- (m) Revenue from transportation of passengers in motor bus services under rail tariff rates.

Items to be Charged
(See general instructions, section 4)

- (a) Amounts paid as bridge tolls, and also for ferry, depot to depot and depot to dock passenger transfer service.
- (b) Amounts paid for switching in completing a passenger transportation movement.
- (c) Amounts paid for switching empty passenger train cars in connection with transportation of passengers. (See Note B)
- (d) Redemption of unused and partially unused local tickets and redemption of carrier's proportions of unused and partially unused interline tickets.
- (e) Refund of extra fares, cash fare penalty collections, and overcharges in excess of tariff fares.
- (f) Uncollectible undercharges.
- (g) Amounts paid or allowed to highway transport organizations, classified as rail under section 10 of general instructions, for transportation of passengers in motor bus services under rail tariff rates.

NOTE A—When a lessee company transports passengers over the tracks of another company under a joint arrangement upon the basis of a proportion of the passenger revenue, it shall include the entire compensation in its passenger revenues and statistics, charging the appropriate joint facility expense and rental accounts with the amounts paid the lessor company and the lessor company shall credit the corresponding joint facility accounts. The accounting in connection with transportation train service operating under a joint arrangement for the benefit of two or more carriers shall be as provided in the general instructions, section 14.

NOTE B—Amounts paid for switching empty passenger train cars otherwise than in connection with loaded movements, shall be charged to account No. 411, "Other expenses", except that when switched for repairs, the amounts paid shall be included in account No. 317, "Passenger train cars".

NOTE C—Amounts received from the transportation of attendants of special or chartered baggage cars, based on passenger tariff fares, shall be credited to this account.

103. Baggage.

This account shall include the revenue from the transportation of baggage, packages, baby carriages, bicycles, household pets, dogs, etc., on passenger trains at other than freight or express tariff rates.

List of Items
(See general instructions, section 4)

- (a) Revenue from transportation of baggage in excess of free allowance.
- (b) Revenue from transportation of packages, baby carriages, bicycles, household pets, dogs, etc., at baggage tariff rates.

- (c) Revenue from transportation of baggage or other articles based upon excess value.
- (d) Revenue from transportation of baggage when passenger does not make corresponding trip.
- (e) Revenue from excess weight of corpses based on baggage tariff charges and from special charges for transferring corpses between depots.
- (f) Overcharges on baggage transactions.
- (g) Revenue from transportation of emergency shipments and articles based on double gross weight, etc.
- (h) Amounts received specifically to cover movement of special or chartered baggage cars including transportation of attendants regardless of whether the charge is based upon passenger tariff fares, a stated minimum or any other basis. This includes freight train cars when used for baggage service.
- (i) Revenue from issuing duplicate baggage checks.

NOTE A—Revenue derived from transportation of shipments of silk, fish, etc. in passenger trains at freight rates, shall be included in account No. 101, "Freight".

NOTE B—Amounts of refunds, uncollectible undercharges, etc., involved in these credits, shall be charged to this account.

104. Sleeping and Parlour Car.

This account shall include the revenue from berth and seat accommodation furnished in sleeping cars on the basis of berth or seat rates for the space occupied.

It shall also include the revenue from seat accommodations furnished in parlour, observation, chair, and other special passenger cars when operated in passenger train service or in special train service at seat rates for space occupied.

106. Mail.

This account shall include the revenue from the transportation of mail at established rates for specified routes; from the use of railway post office cars when in carrier's service transporting mails; from the use of special mail facilities; and from bonuses for special mail transportation.

To this account shall be charged fines and penalties imposed by the Government when not collected from agents or employees.

107. Express.

To this account shall be credited amounts received or due for Canadian rail transportation services rendered to express organizations, the privilege of conducting express business over Canadian rail lines, and the use of Canadian rail facilities by express organizations.

108. Other Passenger Train.

This account shall include the revenue derived from the operation of passenger trains not provided for elsewhere.

List of Items

(See general instructions, section 4.)

- (a) The carrier's proportion of contract revenue derived from the operation over its line of sleeping, parlour, chair, observation and other special passenger train cars, owned and operated by companies other than the Pullman company.
- (b) Revenue from transportation of newspapers at local tariff rates or at proportions of interline tariff rates.

109. Milk.

This account shall include the revenue from the transportation of cream, sweet milk, skim milk, sour milk, buttermilk, condensed milk, butter fat, and smearcase or pot cheese, upon the basis of tariffs at rates per package, regardless of weights.

NOTE—The revenue from the transportation of milk upon the basis of tariffs at rates per specified weights shall be included in account No. 101, "Freight".

110. Switching.

This account shall include the revenue from switching service upon the basis of tariff rates.

To this account shall be credited the carrier's revenue upon the basis of tariff rates, or the carrier's allowance out of through rates, from the switching of cars of all kinds, loaded or empty, either locally at a station or within a switching district, between connecting lines, between local industries, or between connecting lines and local industries; revenue upon the basis of tariff rates for "trap-car" and "ferry-car" service and for spotting cars; also the revenue from inter-work switching at industrial plants, and the revenue from "penalty switching" incident to the improper delivery of cars by other carriers.

To this account shall be charged amounts paid others for switching when such switching service is provided for in the switching rate charged by the carrier.

NOTE—"Penalty switching" charges paid by the carrier shall be included in account No. 411, "Other expenses".

113. Water Transfers—Freight.

This account shall include the revenue from the transfer of freight by water transfers (ferriage, lighterage, and floatage) upon the basis of tariff rates for local service.

NOTE—No revenue shall be included in this account upon the basis of arbitraries out of rates for transportation involving rail line haul.

114. Water Transfers—Passenger.

This account shall include the revenue from the transfer of passengers by water transfers (ferriage) upon the basis of tariff rates for local service.

NOTE—No revenue shall be included in this account upon the basis of arbitraries out of rates for transportation involving rail line conveyance.

115. Water Transfers—Vehicles and Livestock.

This account shall include the revenue from the transfer by water transfers upon the basis of local tariff rates, of vehicles of all classes; horses, cattle, and other animals; also government equipment.

NOTE—No revenue shall be included in this account upon the basis of arbitraries out of rates for transportation involving rail line haul.

116. Water Transfers—Other.

This account shall include the revenue from water transfers not otherwise provided for.

To this account shall be charged amounts payable to other companies or individuals for services in connection therewith when such payments represent revenue collected and credited to this account and not a direct expense.

III. INCIDENTAL.

The primary accounts included in this general account are designed to show the amounts which the carrier becomes entitled to receive from services rendered incidentally with rail line transportation, for the use of facilities of which the expenses for operation and maintenance are not separable from railway expenses, and from incidental sources not provided for elsewhere.

131. Dining and Buffet Car.

This account shall include the revenue from dining and buffet service on trains and transfer boats.

Items to be Credited

(See general instructions, section 4)

- (a) Revenue from lunches furnished.
- (b) Revenue from meals furnished.
- (c) Revenue from liquors furnished.
- (d) Revenue from tobacco furnished.
- (e) Revenue from cigars and cigarettes furnished.

NOTE—Where meals are supplied by the dining and buffet department to the news and restaurant department for resale, the cost of such meals shall not be credited to this account but to account No. 441, "Dining and buffet service".

132. News Service and Restaurant.

This account shall include revenue from station restaurants and lunch counters operated by the carrier; and from the sale by the news department of the carrier at stations and on trains of newspapers, periodicals, cigars, cigarettes, tobacco, lunches, fruit, soft drinks, etc.

NOTE A—This account shall not include the revenues from restaurants which are entirely distinct from the carrier's transportation plant and the cost of which is included in account No. 705NR, "Non-rail property".

NOTE B—Revenues from others for the privilege of operating news stands, restaurants, and lunch counters, shall be included in account No. 133, "Station, train and boat privileges".

133. Station, Train and Boat Privileges.

This account shall include revenue from weighing, vending, and other automatic machines and coin locks located at stations; from advertising at stations and on trains and on transfer boats; from the privileges of operating news stands at stations, and selling papers, periodicals, fruit, and other commodities on trains and on transfer boats; from telephone companies for the privilege of installing and operating commercial telephones at stations; from the operation of eating houses and dining and buffet service on trains and

transfer boats when such operation is conducted by individuals or companies other than railway companies and when the expenses incurred by the carrier in connection therewith are not separable from its regular expenses, and from similar sources.

134. Storage—Parcels and Baggage.

This account shall include the revenue from the operation of parcel rooms and from the storage of baggage.

135. Storage—Freight.

This account shall include the revenue from the storage of freight.

137. Demurrage.

This account shall include the revenue from the detention of cars incident to loading, unloading, reconsigning, and stops in transit upon the basis of tariffs for demurrage.

139. Grain Elevator.

This account shall include the revenue from the operation of grain elevators.

Items to be Credited (See general instructions, section 4)

- (a) Revenue from the elevation of grain.
- (b) Revenue from the storage of grain.
- (c) Revenue from bagging grain.
- (d) Revenue from screening grain.
- (e) Revenue from blowing grain.
- (f) Revenue from cooling grain.
- (g) Revenue from clipping grain.
- (h) Revenue from cleaning grain.
- (i) Revenue from mixing grain.
- (j) Revenue from transferring grain in elevators.
- (k) Revenue from loading grain into and unloading grain from boats not covered by elevation charges.
- (l) Revenue from trimming grain in boats when performed by elevator employees.
- (m) Revenue from the sale of screenings and sweepings.
- (n) Revenue from inspecting grain in elevators.
- (o) Revenue from disposal of grain overage.

NOTE—Where such facilities are operated under a separate corporate structure, income received therefrom by way of dividend, shall be credited to account No. 513, "Dividend income". (See general instructions, section 10)

141. Wharves.

This account shall include revenue from the operation of wharves and docks, including revenue from all services connected with these facilities. (See general instructions, section 10)

List of Items (See general instructions, section 4)

- (a) Revenue from operation of coal and ore wharves.
- (b) Revenue from freight and passenger privileges over wharves and docks.

- (c) Revenue from privilege of mooring and anchoring boats at wharves and docks.
- (d) Revenue from water furnished boats by water stations operated by the carrier.
- (e) Revenue from boat demurrage.

142. Rents of Buildings and Other Property.

This account shall include the revenue from the exclusive use by others of buildings and other property or portions thereof, such as depot and station grounds and buildings, general and other offices, wharves, ferry landings, elevators, stockyards, fuel yards, enginehouses, repair shops, and section and other houses, when the property is operated and maintained in connection with the property used in the carrier's rail transportation operations and the expenses of maintaining and operating the rented portion cannot be separated from the expenses of that portion used by the carrier. (See general instructions, section 10)

NOTE A—When the expenses of maintaining and operating property rented to others are separable, the rents received shall be credited and the expenses of maintenance and operation shall be charged to appropriate income accounts.

NOTE B—The gross rental received for the use of rented sidings shall be included in this account.

143. Other.

This account shall include the revenue from railway operations not provided for elsewhere. (See general instructions, section 10)

List of Items (See general instructions, section 4)

- (a) Amounts received for privilege of cutting hay long the right of way.
- (b) Commissions received for collecting premiums on insurance policies from employees and instalment payments for books, watches, etc., sold by dealers to employees.
- (c) Profit from jobbing and installing electric power lines for others.
- (d) Revenue from garnishee fees.
- (e) Revenue from operation of cold storage plants, cotton compress plants, and wool preserving plants. (See Note C)
- (f) Revenue from the sale of cinders produced by carrier.
- (g) Revenue from use of carrier's bridges by pedestrians, street car lines, vehicles, etc.
- (h) Revenue from temporary use of carrier's tracks for detouring trains, etc.
- (i) Revenue from use of tracks incident to delays in loading or removing freight.
- (j) Revenue from weighing cars.
- (k) Revenue from sale of electric current and other power.
- (l) The carrier's proportion of gross revenue from operation of clergy bureaus.
- (m) The carrier's proportion of gross revenue from operation of ticket validation agencies.
- (n) Collections made station ushers (Red Caps) for the handling of passengers' baggage.
- (o) Revenue from loading and unloading livestock in transit by railroad, and from feeding, watering, bedding, shearing, dipping, inspecting, and otherwise caring for such stock.
- (p) Profit for sale of sand and gravel.
- (q) Amounts received for turning locomotives and cars, not covered by joint facility arrangement.
- (r) Revenue from sale of unclaimed baggage and parcels. (See note B)

NOTE A—When a bridge of one carrier is jointly used by itself and another carrier and such use is paid for on the basis of flat rent or charge per train mile or toll per passenger, per ton, or per car, the compensation therefor shall be credited to the appropriate joint facility, expense and income accounts.

NOTE B—Revenue from the sale of astray and damaged baggage and parcels shall be credited to account No. 419, "Loss and damage—baggage".

NOTE C—Revenue from the operation of cold storage plants, storage warehouses, etc., operated primarily as a service to the public and not as an integral part of the carrier's rail transportation operations, shall not be included in this account but in account No. 502NR, "Non-rail property revenues".

IV. JOINT FACILITY.

151. Joint Facility—Cr.

This account shall include the carrier's proportion of revenue collected by others in connection with the operation of joint tracks, yards, terminals, and other facilities, including revenue from restaurants, grain elevators, sale of power, and other miscellaneous operations. (See general instructions, section 14)

NOTE A—The purpose of this account is to show the amounts of revenue from the operation of joint tracks, yards, terminals, and other facilities operated by other companies, which under existing contracts or agreements are credited by the operating company to the tenant companies which participate therein. The bill rendered by any creditor company against a debtor company for the latter's proportion of the expense of maintenance and operation of joint facilities, which includes also a credit covering a proportion of the revenue to be paid over, shall show the distribution of the credit for such proportion of the revenue separately from the distribution of the expense of operation.

NOTE B—No credits shall be made to this account representing amounts creditable by the operating company to primary accounts 101 to 109, 113 to 116, and 131. However, transfers may be made to this account, when it is impracticable to credit items to this account directly:

152. Joint Facility—Dr.

This account shall include that proportion of revenue from the operation of joint tracks, yards, terminals, and other facilities, which is creditable to other companies, including revenue from restaurants, grain elevators, sale of power, and other miscellaneous operations. (See general instructions, section 14)

NOTE A—The purpose of this account is to show the amount of revenue from operation of a terminal company or other carrier which, under the terms of existing contracts or agreements covering the joint use of tracks, yards, and other facilities, is credited to other carriers that participate in the benefits from such joint use. The bill rendered by a creditor company against a debtor company for the latter's proportion of expense of maintaining and operating joint facilities, which includes a credit covering the debtor company's proportion of the revenues from operations of such joint facilities, shall indicate separately the proper distribution of both the revenues and the expenses included in the bill, and such distribution shall be adhered to by the debtor.

NOTE B—No debits shall be made to this account representing amounts creditable by the operating company to primary accounts 101 to 109, 113 to 116, and 131. However, transfers may be made to this account when it is impracticable to debit items to this account directly.

V. EXPRESS.

The primary accounts included in this general account are designed to show amounts of money which the express organization becomes entitled to receive or which accrue to its benefit from operations which pertain to Canadian rail transportation service, and from haulage, cartage, pick-up and delivery, and financial operations in Canada.

Carriers are directed to section 10 of the general instructions, which stipulates that the results of express operations shall be reported on a departmental basis to show the net operating results of express business which moves by rail. Thus, gross revenues from express as defined in this section of the accounts will be included in the express departmental statement. Where the carrier operates the express business under separate corporate structure, the departmental results shall be incorporated by consolidation of the accounts of the railway and express companies' accounts when preparing the reports for the Board of Transport Commissioners.

160. Express.

This account shall include revenues from transportation service rendered on Canadian rail lines, and from haulage, cartage, pick-up and delivery operations in Canada by the express organization, and from use of facilities on trains and at stations incidental to such transportation; also revenue from other express agencies for the privilege of using the facilities of the carrier at stations and on trains incidental to the transportation of express matter.

NOTE—Revenue from the sale of express money orders, travellers' cheques and other financial express operations shall not be included in this account, but shall be included in account No. 161, "Other express".

161. Other Express.

This account shall include other revenues from operations which pertain to Canadian rail transportation service by the express organization and not provided for in account No. 160, "Express", including those from the financial operations in Canada.

162. Express Privileges—Dr.

To this account shall be charged all amounts paid or accrued for Canadian rail transportation services and for the privilege of conducting express business over Canadian rail lines, and for the use of Canadian rail facilities by the express organization.

VI. COMMERCIAL COMMUNICATIONS.

The primary account included in this general account is designed to show the amounts of money which the carrier becomes entitled to receive or which accrue to its benefit from service rendered by the commercial communications systems.

Carriers are directed to section 10 of the general instructions which stipulates that the results of commercial communications operations shall be reported on a departmental basis to show the net operating results of the commercial communications business. Thus, gross revenues from commercial communications as defined in this section of the accounts will be included in the communications departmental statement. Where the carrier operates the commercial communications business under separate corporate structure, the departmental results shall be incorporated by consolidation of the accounts of the railway and the commercial communications companies' accounts when preparing the reports to the Board of Transport Commissioners.

170. Commercial Communications.

This account shall include the revenue from commercial operation of telegraph, telephone, radio, and all other forms of communication systems. It shall also include amounts received from telegraph and telephone companies, whether as a proportion of earnings or otherwise, for the privilege of transacting a commercial telegraph or telephone business in offices along the carrier's lines, when the carrier furnishes some service of employees whose pay is included in its expenses.

NOTE—When a commercial operator rents a communication telegraph system belonging to the carrier and pays all expenses incident to its maintenance and operation, the rent received shall be credited to account No. 510, "Other rent income".

The carrier shall maintain revenue analysis of this account in the following subaccounts:

Transmission—

- Public and government message
- Press message
- Money order message
- News service
- Telephone service
- Cable and radio message
- Other transmission
- Scheduled transmission service
- Broadcast programme service
- Facsimile or photogram service

Non-Transmission—

- Leased circuit
- Measured service
- Other leased plant
- Errand service
- Money order charges
- Other non-transmission
- Code registration
- Time service

VII. HIGHWAY TRANSPORT (RAIL).

The primary account included in this general account is designed to show the amounts of money which the carrier becomes entitled to receive or which accrue to its benefit from service rendered by highway transport which is classified as rail operations.

Carriers are directed to section 10 of the general instructions which stipulates that the results of certain highway operations classified as rail shall be reported on a departmental basis to show the net operating results of this business. Thus, gross revenues from highway operations as defined in this section of the accounts will be included in the highway departmental statement. Where the carrier operates the highway transport business under separate corporate structure, the departmental results shall be incorporated by consolidation of the accounts of the railway and the highway transport companies' accounts when preparing the reports to the Board of Transport Commissioners.

180. Highway Transport (Rail).

An analysis of the revenue from highway transport operations classified as rail shall be maintained in the following subaccounts:

- Passenger
- Baggage
- Special bus
- Mail
- Express
- Freight
- Station and bus privileges
- Parcel room
- Storage—freight and baggage
- Other

TEXT PERTAINING TO EXPENSE ACCOUNTS

1. ROAD MAINTENANCE

The primary accounts included in this general account are designed to show the expenses of maintaining road property devoted to railway operations.

Expenses of express, commercial communications, and highway transport business classified as rail are to be included in the separate general and primary accounts provided for such business. (See general instructions, section 10)

201. Superintendence.

This account shall include:

Pay of Officers—The pay of officers directly in charge of or engaged in road maintenance.

List of Officers

(See general instructions, section 4)

Vice-president	Bridge engineer	Superintendent of scales
Assistant vice-president	Chief signal engineer	Inspector of maintenance
General manager	Assistant engineers	Building inspector
Assistant general manager	Architect	Inspector of roadway stores
General superintendent	Roadmaster	Supervisor
Assistant general superintendent	Assistant roadmaster	Assistant supervisor
Chief engineer	Master carpenter	Fire chief
Engineer	Assistant master carpenter	Fire inspector
Division engineer	Master mason	Sanitary inspector
	Superintendent of roadway structures	

Pay of Clerks and Attendants—The pay of clerks and other employees in the offices and on the business cars of officers whose pay is chargeable to this account.

List of Employees

(See general instructions, section 4)

Chief clerk	Transitmen	Janitors
Draftsmen	Levelmen	Messengers
Clerks	Rodmen	Cooks
Stenographers	Chainmen	Porters
	Axemen	

Office and Other Expenses—Office expenses and other expenses of officers and employees whose pay is chargeable to this account; also amounts paid detective agencies and others for investigations in connection with road maintenance.

Items of Expense and Supplies

(See general instructions, section 4)

Atlases and maps	Heating	Rent of offices
Books for office use	Lighting	Repairs of rented offices
Business car service	Official train service	Telegraph service
Fees and dues in associations	Periodicals and newspapers	Telephone service
Furniture repairs and renewals	Power	Travelling expenses
	Provisions for business cars	Water and ice

Supplies for Technical Assistants
(See general instructions, section 4)

Barometers	Magnifiers	Sextants
Books and maps	Marking chalk	Slide rules
Boxes for materials and instruments	Oilstones	Stakes
Cameras	Paper, blue print	Straightedges
Camp equipage	Parallel rules	Tally registers
Chains for surveyors	Photographic supplies	Tape lines
Compasses	Plane tables	Tee squares
Curves	Planimeters	Telescopes
Drafting boards	Plummets	Thermometers
Drafting instruments	Protractors	Thumb tacks
Field glasses	Ranging poles	Tracing linens
Field notebooks	Reading glasses	Transits
Hatchets	Rods for surveyors	Traverse tables
Levels	Scales	Triangles
Magnets	Section liners	Tripods
		Verniers

NOTE A—When employees designated above are specifically assigned to construction work, their pay and expenses while thus employed shall be charged to the work upon which engaged. (See general instructions, section 6)

NOTE B—When officers designated above have supervision over more than one department, their salaries, the pay of their clerks and attendants and their office and other expenses shall be apportioned equitably among the departments over which they have jurisdiction.

NOTE C—No part of the pay and expenses of the officers and employees designated above shall be charged to other primary accounts under "Road maintenance", except where such personnel are directly in charge of communication system maintenance in which case their pay and expenses shall be charged to account No. 247, "Rail communication systems", or commercial communications operations account No. 480, "Communications maintenance", as may be appropriate.

NOTE D—The cost of stationery for "Road maintenance" offices is chargeable to account No. 276, "Stationery".

202. Track and Roadway Maintenance.

This account shall include section force labour and other labour pertaining to the maintenance and replacement of track structure. The entire cost of section force labour except that chargeable to snow removal, maintenance of fences, capital appropriations, other railway departments or outside individuals, companies, etc., shall be included in this account, except that where a section man works for a period of more than four hours in any one work day on work not referred to above the cost of this work shall be charged to the account appropriate for such service. Examples of expenses to be included herein follow.

(Note carefully general instructions, section 12)

Applying Ballast—The cost of labour expended in preparing the roadbed, unloading and applying ballast.

Applying Ties—The cost of labour expended in unloading, distributing, and applying ties; in gathering up and disposing of the ties released; and in respacing ties.

Applying Rails—The cost of labour expended in unloading, distributing, cutting, slotting, drilling, adzing for, and laying rails; in gathering up and loading rails released; and in adjusting for expansion and contraction of rails.

Applying Other Track Material—The cost of labour expended in unloading, distributing, and applying other track material; and the cost of gathering up and loading the material released.

Track Maintenance—The cost of labour expended in aligning, surfacing, gauging, and shimming tracks; in tightening track bolts and track spikes; in restoring rails, ties, and ballast in case of washouts, derailments, and wrecks; and in taking up tracks.

Train Service—The cost of work train service (except work trains distributing ballast material) in connection with work pertaining to track laying and surfacing.

Track Changes—The cost of track and roadway work in taking up and relocating tracks. (See general instructions, section 7)

Other Expenses—The cost of track laying and surfacing and roadway work not provided for elsewhere, such as repairing and replacing rail rests, official track and roadway inspection train service and premiums in connection with track maintenance.

NOTE A—Tools and supplies used by repair men and watchmen in roadway maintenance and track repair service shall be charged to account No. 271, "Small tools and supplies".

NOTE B—Roadway and track laying and surfacing costs incurred to repair tracks damaged by wrecks, washouts, landslides, etc., shall be charged to this account.

Care of Roadbed—The cost of repairing roadbed.

Items of Roadway Expense

(See general instructions, section 4)

Blasting rocks	Post driving and pressure grouting to promote stability of roadbed
Building temporary tracks around slides and washouts	Removing temporary tracks around slides and washouts
Repairing and cleaning tile ditches, open ditches and drains	Repairing roadbed damaged by washouts
Crowning track ties with retaining earth	Removing dangerous rocks
Filling borrow and cattle pits	Removing slides
Keeping tracks clear and repairing sub-grade in case of washouts	Restoring roadbed, cuts, fills and embankments to standard width
Landscape gardening along roadway	Sloping cuts
Oiling roadbed	Sodding roadway

NOTE C—The cost of drains or sewers laid under tracks shall be included in account No. 208, "Tunnels, bridges and culverts". The cost of landscape gardening within the limits of the grounds around buildings shall be included in the appropriate repair accounts for buildings. (Note the four hour minimum)

General Cleaning—The cost of cutting, removing, and disposing of brush, grass, and weeds from the right of way; plowing and digging fireguards; dressing ballast and cutting sod lines; removing miscellaneous scrap, drift, cinders, dirt, and other material from right of way and from road and terminal tracks (including tracks at stations, engine yards, and car yards); and cleaning streets used as roadways.

NOTE D—Loading ashes at engine yard tracks shall be charged to the engine house expense accounts.

Watching Roadway—The cost of extinguishing fires on right of way and adjacent thereto, and of walking, watching, and patrolling tracks and right of way.

Bank Protection—The cost of repairs to riprap, piling, dikes, piers, breakwaters, revetments, and retaining walls, which were placed or constructed for bank protection.

NOTE E—Vacation pay in respect of track department employees (the major portion of whose salaries and wages are normally distributed to this account) shall be included herein.

208. Tunnels, Bridges and Culverts.

This account shall include the cost of repairing tunnels, bridges and culverts, (including fuel, supplies and special tools used), altering and bracing bridges and trestles during process of filling, ventilating and lighting tunnels, dredging and cleaning water channels for protection, and cleaning culverts.

The structures referred to in this account include only those bridges, trestles and culverts which carry the carrier's own tracks or tunnels and subways through which such tracks pass.

(Note carefully general instructions, section 12)

Details of Bridge Structures

(See general instructions, section 4)

Abutments	Ice breakers
Bridge signs	Painting
Cofferdams	Pier protection
Concrete and masonry ends for culverts	Piers and foundations
Cribs	Pipe culverts
Decking, including gravel for fire protection	Retaining walls
Dike protection	Riprap around abutments
Drainage systems	Riprap at culvert ends
Draw protection	Supports
Drawbridge engines and machinery	Water channels
False work	Waterproofing
Guard timbers	Wing dams
	Wing walls

NOTE A—When a part of the entire structure of a bridge or trestle is converted, by filling, into an earth embankment, the ledger value of the structure, or of the portion thereof filled, shall be credited to account No. 6, "Bridges and culverts". In case the bridge is used in lieu of a temporary trestle for the purpose of filling, the estimated cost of such a temporary trestle shall be charged to account No. 3, "Grading". The ledger value of the structure, or portion thereof, filled, less the value of the salvage and the estimated cost of trestle charged to account No. 3, "Grading" shall be charged to account No. 779, "Accrued depreciation—road and equipment" or account No. 779NR, "Accrued depreciation—road and equipment—United States lines", as may be appropriate.

NOTE B—The cost of repairs to signals and to roadway and tracks in tunnels shall be charged to the appropriate road maintenance accounts and not to this account.

NOTE C—The cost of repairing undergrade roadways including paving shall be included in account No. 273, "Public improvements", as shall the cost of repairing overhead highway bridges including approaches thereto.

NOTE D—The cost of repairing station subways not at highway crossings shall be included in account No. 227, "Station and office buildings".

NOTE E—The cost of watching tunnels, bridges and culverts when performed by regular section forces and occupying a section man more than four hours in any one work day shall be charged to this account.

NOTE F—Vacation pay in respect of bridge gangs (the major portion of whose salaries and wages are normally distributed to this account) shall be included herein.

210. Elevated Structures.

This account shall include the cost of repairing elevated structures and foundations of elevated railway systems.

(Note carefully general instructions, section 12)

212. Ties.

The cost of cross, switch, bridge, and other track ties used in the repair of tracks, other than ties laid under a replacement programme, shall be charged to this account.

(Note carefully general instructions, sections 7 and 12)

NOTE A—The cost of labour for unloading, distributing, and putting ties in tracks, the cost of work train service in connection with the distribution of the ties laid, and the cost of picking up and concentrating or disposing of the ties released shall be charged to account No. 202, "Track and roadway maintenance".

NOTE B—The cost of ties used for repairs of tracks in quarries and ballast pits shall be included in the appropriate clearing accounts.

NOTE C—The cost of ties used in the repair of tracks laid on wharves and docks shall be charged to this account.

NOTE D—The cost of ties used in the repair of tracks laid on car floats shall be charged to account No. 323, "Vessels".

NOTE E—The cost of ties used to repair tracks damaged by wrecks, washouts, landslides, etc., shall be included in this account.

214. Rails.

The cost of rails used in the repairs of tracks, other than rails laid under a replacement programme involving a change in the investment, less the salvage value of rails replaced, shall be charged to this account.

(Note carefully general instructions, sections 7 and 12)

NOTE A—The cost of labour for unloading, distributing, and putting rails in tracks, the cost of work train service in connection with the distribution of the rails laid, and the cost of picking up and concentrating the rails released shall be charged to account No. 202, "Track and roadway maintenance".

NOTE B—The cost of rails used for repairs of tracks in quarries and ballast pits shall be included in the appropriate clearing accounts.

NOTE C—The cost of rails used in the repair of tracks laid on wharves and docks shall be charged to this account.

NOTE D—The cost of rails used in the repair of tracks laid on car floats shall be charged to account No. 323, "Vessels".

NOTE E—Repairs of rail in track by welding process shall be charged to this account.

NOTE F—The cost of ties used to repair tracks damaged by wrecks, washouts, landslides, etc. shall be included in this account.

216. Other Track Material.

The cost of all track material used in the repair of tracks, other than ballast, ties, and rails, less the salvage value of material replaced, shall be charged to this account, except when the material is installed in conjunction with a rail replacement programme involving an investment change.

(Note carefully general instructions, sections 7 and 12)

Items of Other Track Material

(See general instructions, section 4)

Angle bars	Frogs	Nuts
Anticreepers	Guard rail clamps	Offset bars
Connecting rods	Guard rail fasteners	Rail braces
Deraillers	Guard rails	Rail chairs
Frog and guard rail blocking	Main rods	Rail clips
	Nut locks	Rail joints

Rail lubricators
 Rail rests
 Rail shims
 Rail splices
 Splice bars
 Step chairs
 Switch chairs

Switch crossings
 Switch lamps
 Switch locks and keys
 Switch points
 Switch stands
 Switch stand bolts
 Switch targets

Switches
 Tie plates
 Tie plugs
 Tie rods
 Track bolts
 Track insulators
 Track spikes

NOTE A—The cost of labour and train service for distributing, unloading, and applying "other track material" used, and the cost of picking up and concentrating the material released shall be charged to account No. 202, "Track and roadway maintenance".

NOTE B—The cost of "other track material" used in the repair of tracks in quarries and ballast pits shall be included in the appropriate clearing accounts.

NOTE C—The cost of "other track material" used in the repair of tracks laid on wharves and docks shall be charged to this account.

NOTE D—The cost of "other track material" used in the repair of tracks laid on car floats shall be charged to account No. 323, "Vessels".

NOTE E—Repairs of "other track material" in track by welding process shall be charged to this account.

NOTE F—The cost of "other track material" used to repair tracks damaged by wrecks, washouts, landslides, etc. shall be included in this account.

218. Ballast.

This account shall include the cost of gravel, stone, slag, cinders, sand, and like ballast material used in the repair of tracks including the cost of work train service. The cost of work train service applicable to such material shall be charged to this account except in connection with ballasting tracks not previously ballasted or ballasting being performed under programming.

(See general instructions, sections 7 and 15)

When the ballast taken from a pit is not sufficient to justify the opening of a clearing account, the cost of gravel and quarry rights and cost of sinking test holes shall be included in this account.

(Note carefully general instructions, section 12)

NOTE A—The cost of loading cinders at ash pits shall be charged to account No. 388, "Yard enginehouse expenses", or to account No. 400, "Train enginehouse expenses". No charge to cover the value of cinders accumulated by the carrier shall be included in this account.

NOTE B—The cost of labour unloading and putting ballast in tracks shall be charged to account No. 202, "Track and roadway maintenance".

NOTE C—The cost of ballast laid as repairs or replacement on a stretch of track of less than 1,000 continuous feet shall be included in this account.

NOTE D—Earth placed to form a crown in the middle of the track is not to be considered as ballast.

NOTE E—The cost of ballast used for repairs of temporary tracks, such as gravel pit or quarry tracks, shall be included in the appropriate clearing accounts.

NOTE F—The cost of ballast used to repair tracks damaged by wrecks, washouts, landslides, etc., shall be included in this account.

221. Fences, Snowsheds and Signs.

This account shall include:

Fences—The cost of repairing right of way fences and snow and sand fences, farm gates, cattle guards, wing fences, aprons, and hedges.

Snowsheds—The cost of repairing snowsheds, including cost of replacing trees for protecting tracks from snow.

Signs—The cost of repairing signs other than those for identification of bridges, signals, stations, and other structures.

(For items of signs see account No. 13, "Fences, snowsheds, and signs".)

(See general instructions, section 12)

NOTE A—This account shall also include the cost of distributing, setting up, inspecting, taking down, and regathering portable snow and sand fences; also the cost of storing fences.

NOTE B—The cost of repairing signs for identifying bridges, signals, stations, and other structures shall be included in the account appropriate for the cost of repairs of the structures.

NOTE C—The cost of repairing crossing signals, including crossing gates, shall be included in account No. 249, "Signals".

227. Station and Office Buildings.

This account shall include the cost of repairing station and office buildings used by the carrier in its rail transportation operations including systems for drainage, heating, lighting, water and sewers, elevators and other machinery, fixtures and appurtenances. It shall also include the cost of maintaining grounds appurtenant to such buildings. (See general instructions, section 12)

Items of Station and Office Structures

(See general instructions, section 4)

Accounting machines	Hoisting engines for handling freight
Coal transferring machinery (not on coal and ore wharves or at fuel stations)	Lift trucks
Freight cranes—mobile	Mail cranes
Freight derricks—mobile	Office furniture and equipment
Freight handling machinery	Ore transferring machinery
Platform trucks	Towmotors
	Tractors
	Track scales—mobile

Items of Station and Office Structures

(See general instructions, section 4)

Baggage rooms	Freight houses	Power distribution systems, interior
Breakwaters for protection of buildings	Garages	Reading rooms
Buildings and rooms for trainmen	Gas supply systems	Rooms for Y.M.C.A.
Buildings on piers	General office buildings	Scale houses
Call bells	Grain cribs	Sidewalks
Coal bins	Grain elevators	Stables
Coal trestles (not at fuel stations)	Grain warehouses	Station footbridges (not highway crossings)
Commissarial buildings	Greenhouses	Station intertrack fences
Drainage and sewerage systems	Hay houses	Station platforms
Dwellings	Heating plants	Station signs
Eating houses	Hedges	Station stairways
Electric wiring	Hose houses	Station subways (not highway crossings)
Elevators and their machinery	Ice houses	Station power houses
Express buildings	Lighting plants	Stations, freight
Fences	Milk stands	Stations, passenger
Fire engine houses	Office buildings	Stock pens
Freight cranes—fixed	Outhouses	Storehouses
Freight derricks—fixed	Pavement within ground limits	
	Platforms, freight	
	Platforms, passenger, including planking between tracks	

Telegraph offices
Telpher systems
Track scales—fixed
Transfer houses

Transfer platforms
Waiting rooms
Warehouses

Washrooms
Water supply systems
Yard offices

NOTE A—Incidental cleaning, including the cost of cleaning snow from roofs shall be charged to the accounts to which the employees' wages are ordinarily distributed.

NOTE B—Cost of repairing offices used exclusively in connection with equipment maintenance shall be included in account No. 235, "Shops and enginehouses".

NOTE C—The cost of incidental services on buildings, grounds, etc., when performed by regular section forces shall be charged to account No. 202, "Track and roadway maintenance" when the section man's time on such service amounts to four hours or less in any one work day.

NOTE D—The cost of repairing signal and interlocker buildings and their appurtenances shall be included in account No. 249, "Signals".

NOTE E—The cost of repairs to baggage and freight trucks (both hand and power operated) used in the handling of such traffic at stations shall not be included in this account but in account No. 376, "Station expenses".

229. Roadway Buildings.

This account shall include the cost of repairing roadway buildings used by the carrier in its rail transportation operations, including systems for drainage, heating, lighting, water and sewers, elevators and other machinery, fixtures and appurtenances. It shall also include the cost of maintaining grounds appurtenant to such buildings. (See general instructions, section 12)

Items of Roadway Buildings

(See general instructions, section 4)

Bins for material
Blacksmith shops
Boarding houses
Breakwaters for protection of buildings
Carpenter shops
Dwellings
Fire engine houses

Frog shops for repair of track material
Hand car houses
Lighting plants
Lumber sheds
Offices
Outhouses
Planing mills

Rail shops for repair of track material
Repair shops
Scrap bins
Section dwelling houses
Stables
Storehouses
Tool houses
Watch houses

NOTE A—Incidental cleaning, including the cost of cleaning snow from roofs shall be charged to the accounts to which the employees' wages are ordinarily distributed.

NOTE B—Cost of repairing offices used exclusively in connection with equipment maintenance shall be included in account No. 235, "Shops and enginehouses".

NOTE C—The cost of incidental services on buildings, grounds, etc., when performed by regular section forces shall be charged to account No. 202, "Track and roadway maintenance" when the section man's time on such service amounts to four hours or less in any one work day.

NOTE D—The cost of repairing signal and interlocker buildings and their appurtenances shall be included in account No. 249, "Signals".

231. Water and Fuel Stations.

This account shall include the cost of repairing structures, facilities, machinery and appurtenances used to supply water and fuel used by the carrier in its transportation operations, and the cost of maintaining the grounds appurtenant to such facilities. (See general instructions, section 12)

Water Station Structures and Details

(See general instructions, section 4)

Boilers	Pump houses	Track tanks
Breakwaters for protection of buildings	Pumps	Tubs
Buildings on piers	Purifying plants	Water cranes
Cisterns	Reservoirs	Water pipe lines
Dams	Settling basins	Water treating plants
Fences	Stationary engines	Wells
Outhouses	Steam pipes	Windmills
Penstocks	Tanks and foundations	

Fuel Station Structures and Details

(See general instructions, section 4)

Breakwaters for protection of buildings	Fences	Inclines
Buckets	Fuel houses	Outhouses
Buildings on piers	Fuel oil columns	Scales
Coal buggies	Fuel oil plants	Sheds
Coal hoists	Fuel oil pumps	Stationary engines
Coal pockets and chutes	Fuel oil sumps	Tipple cars
Dumping machinery	Fuel oil tanks	Weighing apparatus
Elevating machinery	Fuel platforms	Wood racks
	Fuel wharves	

NOTE A—Incidental cleaning including cost of cleaning snow from roofs shall be charged to the accounts to which the employees' wages are ordinarily distributed.

NOTE B—The cost of repairing water and fuel supply systems used solely for supply of a single facility such as a shop plant, power plant, station or dwelling shall be charged to the account appropriate to the primary purpose for which provided.

NOTE C—The cost of repairing ties, rails and other track material in tracks used for the movement of locomotives and cars on inclines, trestles and other elevated structures where appurtenant to water and fuel stations shall be charged to the primary accounts appropriate to such track material.

NOTE D—The cost of incidental services on water and fuel stations or the grounds appurtenant thereto when performed by regular section forces shall be charged to account No. 202, "Track and roadway maintenance" when the section man's time on such service amounts to four hours or less in any one work day.

235. Shops and Enginehouses.

This account shall include the cost of repairing shop and enginehouse buildings, fixtures, and appurtenances used by the carrier in repairing and preparing equipment, and the cost of maintaining the grounds appurtenant to such buildings. (Note carefully general instructions, section 12)

Shop and Enginehouse Structures and Details

(See general instructions, section 4)

Air compressor houses	Blacksmith shops	Car sheds
Ash pits and pockets	Breakwaters for protection of buildings	Car shops
Ash plants	Buildings on piers	Carpenter shops
Bins for material		Cinder pits

Cinder pockets	Machine shops	Sidewalks
Drop pits	Material and supply truck tracks	Stables
Dry houses	Motor crane tracks	Steam distribution systems, interior
Electric power distribution systems within buildings	Offices, shop	Storehouses
Enginehouses	Oil houses	Tanks, gas
Fire engine houses	Outhouses	Tanks, oil
Footbridges (not public highways)	Paint shops	Test rooms
Foundries	Pipe lines, air, interior	Tin shops
Gas compressor houses	Pipe lines, car heating	Tool houses
Heating plants	Pipe lines, gas, interior	Track scales
Hose houses	Planing mills	Transfer tables
Ice houses	Platforms, shop and yard	Turntables
Laboratories	Repair shops	Upholstering shops
Lighting plants	Sand houses	Warehouses
Lumber sheds	Scale houses	Wash rooms
	Scrap bins	Watch houses

NOTE A—The cost of repairing machinery and other apparatus, including special foundations in shops for equipment maintenance shall be included in account No. 302, "Shop and power plant machinery".

NOTE B—Incidental cleaning, including the cost of cleaning snow from roofs, shall be included in the accounts to which the employees' wages are ordinarily distributed.

NOTE C—Storehouses referred to in the above list do not include those buildings used solely for station, roadway and office storehouse purposes.

NOTE D—The cost of incidental services on shops and enginehouses or the grounds appurtenant thereto when performed by regular section forces shall be charged to account No. 202, "Track and roadway maintenance" when the section man's time on such service amounts to four hours or less in any one work day.

237. Grain Elevators.

This account shall include the cost of repairing structures for the transfer, treatment, and storage of grain, including conveyors, machinery and fixtures, also the cost of maintaining the grounds appurtenant to such buildings.

The buildings referred to in this account are large elevators in which a regular grain business is handled or grain is stored for various owners, but shall not include those elevators operated under separate corporate structure. (See general instructions, sections 10 and 12)

NOTE A—Small storage elevators at way stations, where the freight is received for shipment, etc., are classed as station buildings.

NOTE B—Incidental cleaning, including the cost of cleaning snow from roofs, shall be included in the accounts to which the employees' wages are ordinarily distributed.

241. Wharves.

This account shall include the cost of repairing wharves located at marine, lake, or river docks; coal, ore and stone wharves and docks and conveyors, machinery and fixtures used in connection therewith; dredging waterways to approaches and around such structures, including removal of dredged out material; and cutting ice in and around docks and wharves to prevent damage; also cost of repairs of cribwork, racks, or caissons for preserving the depth of water in docks; and cost of repairs of guards, piling, and other protection against damage by drift or ice.

(Note carefully general instructions, section 12)

Details of Wharves

(See general instructions, section 4)

Bridge pontoons	Ferry bridges
Bulkheads	Ferry racks
Caissons	Ferry slips
Cribwork	Jetties and inclines
Dry docks	Transfer bridge machinery
Ferry bridge machinery	Transfer bridges

NOTE A—The cost of repairing buildings, machinery (not bridge machinery) ties, rails and other track material on wharves and piers shall be charged to the appropriate expense accounts.

NOTE B—Incidental cleaning, including the cost of cleaning snow from roofs, shall be charged to the accounts to which such employees' wages are normally distributed.

NOTE C—The coal and ore wharves referred to in this account do not include small transfer or storage trestles at stations where coal is stored or delivered, such trestles being classed as station buildings.

247. Rail Communication Systems.

This account shall include the cost of repairing telegraph, telephone, radio, radar, inductive train communication, and other communication systems, including buildings and terminal equipment which pertain to the rail service performed by the communications systems.

(Note carefully general instructions, section 12)

Details of Telegraph and Telephone Terminal Equipment

(See general instructions, section 4)

Batteries	Rectifiers
Cables and wires, interior	Rheostats
Carrier terminating equipment	Sending and receiving instruments
Conduits, interior	Switchboards
Connecting wires	Telegraph repeaters
Current controlling instruments	Telephone repeaters
Electric generators and motors	Teletypewriters
Electric meters	Testings outfits
Engines, stationary	Transformers
Fuses and mechanical protectors	

Details of Telegraph and Telephone Outside Plant

(See general instructions, section 4)

Aerial attachments	Guy wires
Braces	Insulators
Brackets	Load coils
Cables and wires, aerial	Poles
Cable boxes and appurtenances	Submarine cables and connections
Conduits and appurtenances	Telephone pole boxes
Cross arms	Towers
Gas and associated facilities for cables	Underground cables and connections
Guy stubs	

Details of Radio, Radar, and Inductive Train Communication Equipment

(See general instructions, section 4)

Aerials or antennae and attachments.
Buildings or towers used exclusively for wireless.
Control units.
Power generating, converting, or supply equipment.
Radar console and associated equipment.

Roadside or office equipment for all wireless systems operated on special channels between train and train, train and tower or office, or between ship and shore. Specialized testing and repair equipment. Transmitters and receivers, including mobile units.

NOTE A—Repairs of radio, radar, or trainphone equipment (except portable apparatus) which is permanently attached to locomotives, cars, work equipment, or other rolling stock or floating equipment shall be included in the same account as repairs of the equipment on which installed. Repairs of wireless sets for instruction, advertising, or entertainment shall be included in the same account as repairs of the building in which located.

NOTE B—Repairs of communication systems of limited extent, not connected with other systems, used for special purposes and usually installed within a single building, group of buildings, or within the limits of a station or shop lay-out or yard, shall be included in the same account as repairs of the building in which located or in the account appropriate for the service with which associated.

NOTE C—The pay, rent, other office expenses, and travelling expenses of officers, their clerks and attendants, who supervise, or are engaged both in maintenance and operation, shall be apportioned equitably between this account, account No. 407, "Rail communication system operation", and commercial communications operations accounts No. 480, "Communications maintenance" and No. 481, "Communications conducting operations".

Items

(See general instructions, section 4)

Buzzers, bells, dictaphones, or other interoffice communication systems in an office or group of buildings.

Loud speakers, bells, or whistles in shop and other yards.

Loud speakers, public address devices, press button control lights, telautograph, or other systems in stations or on platforms.

Whistles, klaxons, or horns operated from signal towers.

NOTE D—Cost of repairs to the commercial communications systems shall not be included in this account but shall be included in commercial communications operations account No. 480, "Communications maintenance", in order that the carrier can prepare the separate departmental operating report referred to in general instructions, section 10(c).

249. Signals.

This account shall include the cost, including supplies and special tools, of repairing signals and interlockers governing the movements of locomotives and trains and for the protection of traffic at crossings, including towers and other buildings, furniture, fixtures, and machinery in connection therewith; also the cost of repairing buildings and machinery of power plants used primarily for the production of power for the operation of signals and interlockers.

For list of items see account No. 27, "Signals".

NOTE A—The pay and expenses of employees engaged both in maintaining and operating signals and interlockers shall be apportioned equitably between this account and account No. 404, "Signal operation".

NOTE B—When signal or interlocking apparatus is located in station buildings, only the cost of repairing the signal or interlocking apparatus shall be charged to this account. The cost of repairing the building shall be included in account No. 227, "Station and office buildings".

NOTE C—The cost of repairs of track material such as special rail braces, special rods, switches, special track fastenings, split rails, derails, derail stands, and frogs, used in connection with interlockers shall be included in account No. 216, "Other track material".

NOTE D—When derails are arranged so as to be thrown from switch stands, the cost of labour expended for repairs of the connections between the switch stands and the derail and devices for throwing the derail, shall be included in account No. 202, "Track and roadway maintenance".

NOTE E—The salaries, office expenses, and travelling expenses of supervisors or inspectors when engaged in maintaining both telegraph and telephone lines and signals and interlockers shall be equitably apportioned between this account, account No. 247, "Rail communication systems" and commercial communications operations account No. 480, "Communications maintenance".

NOTE F—Vacation pay in respect of Signal Gangs (the major portion of whose salaries and wages are normally distributed to this account) shall be included herein.

253. Power Plant Systems.

This account shall include the cost (including supplies and special tools) of repairing power plant and substation buildings, including all foundations other than those special to particular machines and apparatus; and also dams, canals, pipe lines, and accessories devoted to the utilization of water for power. Gas and sewer pipes and their connections, fixtures (including wiring) for lighting and heating, and miscellaneous fixtures, shall be considered as a part of the power plant buildings.

The power plant buildings here referred to are those in which power is produced for the operation of trains and cars and for general purposes.

It shall also include the cost of repairing systems for conveying electricity, steam, and compressed air from producing plants to the place or building where used; also the cost of repairing conduits and poles, cross arms, insulator pins, brackets and other pole fixtures, and of other structures for power transmission and distribution systems, including those for electric railway operation, and lighting systems for general lighting purposes.

For list of items see road and equipment account No. 29, "Power plants," and account No. 31, "Power transmission systems".

NOTE A—The cost of repairing power plant machinery, including small stacks resting on boilers, and special foundations for machines, shall be included in account No. 302, "Shop and power plant machinery".

NOTE B—The cost of repairing a power plant system primarily serving a particular facility such as a station or office building, signals or interlockers shall be charged to the account appropriate to the facility served.

NOTE C—The cost of repairing the portions of distribution systems located within shop, station, office and other buildings shall be included in the accounts provided for the cost of maintaining such buildings.

NOTE D—If poles and conduits are used both for telegraph and telephone lines and for power distribution lines, the cost of repairs thereof shall be apportioned between this account, account No. 247, "Rail communication systems", and commercial communications operations account No. 480, "Communications maintenance".

265. Other Structures.

This account shall include the cost of repairing permanent structures such as storage warehouses, not provided for elsewhere, including the cost of repairing all machinery, furniture and fixtures to equip them for use. It shall also include the cost of maintenance of the grounds appurtenant to such structures. (Note carefully general instructions, section 12)

NOTE A—When separable the cost of maintaining structures (the cost of which is includible in account No. 35, "Other structures") which are rented to other companies or individuals, shall be charged to the income account in which is included the rent received for use of the structures.

NOTE B—Incidental cleaning, including the cost of cleaning snow from roofs shall be charged to the account to which the employees' wages are ordinarily distributed.

NOTE C—The cost of repairing ordinary freight warehouses located at stations where freight is received for shipment, etc., shall be charged to account No. 227, "Station and office buildings".

266. Road Property Depreciation.

This account shall include the amount of depreciation charges applicable to the accounting period for all classes of depreciable road property referred to in general instructions, paragraph (c) of section 11, "Depreciation accounting".

NOTE A—Depreciation charges applicable to shop machinery and power plant machinery shall be included in account No. 305, "Other equipment and machinery—depreciation".

NOTE B—Depreciation charges applicable to property pertaining to express, commercial communications and highway transport business classified as rail are to be included in the separate general and primary accounts provided for such business. (See general instructions, section 10)

269. Roadway Machines.

This account shall include the cost of repairing roadway machines which are used for the repairs of roadway and structures. (Note carefully general instructions, section 12)

List of Roadway Machines (See general instructions, section 4)

Boilers, portable	Grading outfits
Cars, hand	Hydraulic outfits
Cars, lever	Jacks, hydraulic
Cars, motor inspection	Log loaders
Cars, push	Pile drivers
Cars (small), crane, for supply yards	Plows, unloading
and general use	Rail unloaders
Concrete mixers	Rock crushers
Ditching machines	Steam rollers
Dredging machines	Timber trucks
Engines, portable	Velocipedes

NOTE A—The cost of repairing machines in equipment maintenance shops shall be included in account No. 302, "Shop and power plant machinery", as provided for therein.

NOTE B—The cost of repairing roadway machines, such as pile drivers, log loaders, hoisting engines, and concrete mixers, when permanently mounted for movement on carrier's tracks, shall be included in account No. 326, "Work equipment".

270. Dismantling Retired Road Property.

This account shall include the cost of dismantling retired road property and recovering the salvage therefrom with the exception of track material recovered in connection with repairs of tracks as provided for in account No. 202, "Track and roadway maintenance", and of shop and power plant machinery as provided for in account No. 306, "Dismantling retired shop and power plant machinery".

NOTE: The cost of removing, gathering up, and disposing of track material in connection with repairs of tracks is includible in account No. 202, "Track and roadway maintenance", and of shop and power plant machinery in account No. 306, "Dismantling retired shop and power plant machinery".

271. Small Tools and Supplies.

This account shall include:

(a) Roadway and Track Tools—The cost of roadway tools (except special tools provided for elsewhere), including the cost of repairing such tools.

(Note carefully general instructions, section 12)

List of Roadway and Track Tools

(See general instructions, section 4)

Adzes	Hammers, napping	Rope
Anvils	Hammers, paving	Saws, crosscut
Augers	Hammers, spiking	Saws, hand
Axes	Handles for tools	Scrap boxes
Ballast forks	Hatchets	Scythes
Bars, claw	Hoes	Shovels
Bars, crow	Jack levers	Sickles
Bars, lining	Jacks, ratchet	Sledges
Bars, pinch	Jacks, screw	Spades
Bars, raising	Jacks, track	Spike mauls
Bars, tamping	Kegs, water	Spike pullers
Braces and bits	Ladders	Spot boards
Brooms	Lanterns and fixtures	Squares
Brush hooks	Lawn mowers	Straightening machines
Cable stretchers	Levels	Tape lines
Cables	Lines for ditching	Thermometers for laying
Cans, oil	Nippers	rails
Cans, water	Oilstones	Tongs
Cant hooks	Padlocks	Tool boxes
Chains	Pails, water	Torches
Chisels, track	Paint brushes	Track gauges
Chisels, wood	Picks, clay	Track levels
Curbing hooks	Picks, tamping	Vises
Dippers	Pike poles	Weed spuds
Drawing knives	Post hole diggers	Wheelbarrows
Drill bits	Post hole tampers	Whetstones
Drills (portable)	Punches	Wood mallets
Flags, signal	Rail benders	Wrenches, monkey
Furnaces, (portable)	Rail tongs	Wrenches, track
Grindstones	Rakes	

(b) Roadway and Track Supplies—The cost of supplies consumed in connection with the operation of roadway machines while used in repairs of roadway and tracks; and cost of supplies used by track walkers, track watchmen, and roadway and track repair men.

Items of Roadway Supplies

(See general instructions, section 4)

Alcohol for hydraulic jacks.

Fuel for heating tool and other section houses.

Fuel for portable forges used in roadway and track work.

Gasoline for motor cars.

Oatmeal and ice for drinking water used by roadway and track repair men.

Oil and waste for hand cars, motor inspection cars and push cars.

Oil and wicks for lanterns used by track walkers, track watchmen and roadway and track repair men.

Oil and wicks for lighting tool and other section houses.

Torpedoes used by track walkers, track watchmen and roadway and track repair men.

Water for section houses.

272. Removing Snow, Ice and Sand.

This account shall include the cost of keeping track, roadway, station platforms and driveways, highway and farm crossings clear of snow, ice and sand.

It shall include cost of removing accumulations of snow, ice, and sand, cost of snowplow and flanger service, and of work train service; cost of applying and removing flangers from locomotives and cars, and of slatting pilots; cost of salt to keep switches clear; and cost of meals and lodging for men employed in removal service.

(Note carefully general instructions, section 12)

NOTE A—The cost of repairs to snow and sand fences shall be included in account No. 221, "Fences, snowsheds and signs".

NOTE B—Incidental cleaning by regular building employees, including the cost of cleaning snow, ice and sand, shall be charged to the account to which the employees' wages are ordinarily distributed.

273. Public Improvements.

This account shall include the portion borne by the carrier of the expenses of maintenance of public improvements and the cost to the carrier of maintaining structures owned by or exclusively used by others, except when such costs are properly chargeable to account No. 281, "Right of way expenses".

By public improvements are meant improvements for public benefit such as curbing, grading, guttering and paving of streets, including paving at highway crossings; overhead highway bridges, including approaches, drainage, sewer irrigation and water systems, flood protection, parks, sidewalks, etc.

(For list of items see account No. 39, "Public improvements".)

NOTE A—The expense of repairing paving within the grounds of buildings or other structures shall be charged to the accounts provided for repairs of the structures.

NOTE B—Assessments for maintaining public improvements included in the general tax levy for a regular taxing district shall be charged to the appropriate tax account.

NOTE C—Interest and penalties, based on monthly or annual percentage rates or otherwise, for failure to pay assessments within the allotted time shall be included in account No. 547C, "Interest on unfunded debt".

274. Injuries to Persons.

This account shall include expenses on account of injuries to persons which occur directly in connection with the road maintenance including injuries occurring in connection with the operation of work trains in such service, and injuries caused by defective highways within the right of way.

It shall also include expenses on account of injuries to employees incurred while demolishing structures, the maintenance of which would be chargeable to road maintenance, services of employees and others called in consultation in connection with claim adjustments; pay and expenses of employees while engaged as witnesses at inquests and lawsuits; and a suitable proportion of donations made to hospitals.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, and the amounts assessed under the provisions of any act of Parliament of Canada or of provincial legislature providing for compensation to workmen for injuries. (The carrier is not required to anticipate items which would not appreciably affect the account.)

Items of Expense

(See general instructions, section 4)

Artificial limbs	Medical and surgical services
Carriage fees	Medical and surgical supplies
Claim adjusters' and clerks' services	Notarial fees
Claim adjusters' office expenses	Nursing
Compensation for injuries or death	Railway transportation
Final judgments, including plaintiffs' court costs	Undertakers' services
Funeral expenses	Undertakers' supplies
Hospital attendance	Witnesses' fees and expenses at inquests and lawsuits

NOTE A—Expenses incident to personal injury suits, not otherwise provided for, shall be included in account No. 454, "Law expenses".

NOTE B—Amounts donated by a carrier to hospitals shall be distributed 25 per cent to account No. 274, "Injuries to persons"; 25 per cent to account No. 332, "Injuries to persons", and 50 per cent to account No. 420, "Injuries to persons".

NOTE C—The pay, office rent, office expenses, and other expenses of claim adjusters, claim clerks and others in charge of or engaged in connection with claim cases, when not assignable to a distinct class of claims shall be apportioned equitably among the several classes of claims over which they have jurisdiction or in connection with which they are engaged.

275. Insurance.

This account shall include premiums, except reinsurance premiums, for insuring the carrier against loss through injuries to persons or damage to or destruction or loss of property, whether caused by fire, accident, or other cause, when such loss to the carrier would be chargeable to road maintenance; also premiums on fidelity bonds of employees whose pay is chargeable to road maintenance. (See general instructions, section 13)

NOTE—The premiums paid by the carrier to its insurance fund shall be credited to an insurance reserve account, to which account shall be charged the amount of all claims for injuries to persons and damages to the property covered by its insurance. To such account shall also be charged all reinsurance premiums paid to insurance companies, and an equitable proportion of the expenses of operating the insurance department of the carrier, and to it shall be credited all amounts recovered from insurance companies in reimbursement for losses under such reinsurance.

276. Stationery.

This account shall include the cost of stationery, printing and office appliances used in connection with road maintenance.

Stationery Items

(See general instructions, section 4)

Adding machines	Blotters	Calendars
Addressographs and supplies	Blotting paper	Carbon paper
Binders	Blue print paper	Cardboard
Blank books	Bristol board	Cards, blank and printed
	Calculating machines	Circulars

Computing tables	Mucilage	Ruling pens
Copy (impression) books	Mucilage brushes	Scrapbooks
Copying brushes	Neostyles	Sealing wax
Copying presses	Note paper	Seals
Crayons	Notices	Shears
Cross section books	Numbering stamps	Shipping tags
Cross section paper	Oil paper	Shorthand notebooks
Cyclostyles	Paper	Sponge cups
Dating stamps and ribbons	Paper baskets	Sponges
Dictaphones	Paper clips	Stamps, impression
Dictographs	Paper cutters	Stamp pads
Drawing paper	Paper fasteners	Stylographs
Duplicators	Paper files	Tablets, blank and printed
Electric pens	Paper weights	Tape
Envelopes	Pencil sharpeners	Tape recorders
Erasers, rubber and steel	Pencils	Telegraph blanks
File boxes, paper	Penholders	Tissue (impression) paper
Forms, blank and printed	Pens	Tracing cloth
Hectographs	Phonographs and records	Tracing paper
Indexes	Pins	Twine
Ink	Postage	Typewriters and ribbons
Inkstands	Profile books and paper	Wage tables
Invoice books	Punches (not conductor's	Wastebaskets
Legal cap paper	or baggagemen's)	Water colors
Letter paper	Rubber bands	Water holders
Manifold paper	Rubber stamps	Wrapping paper
Manifold pens	Rulers	Wringers for copying presses
Mimeographs		

NOTE—The cost of dictionaries, periodicals, technical books, etc., shall be included in the appropriate superintendence accounts.

277. Other Expenses.

This account shall include all expenses in connection with road maintenance not provided for elsewhere.

Items of Expense

(See general instructions, section 4)

Pay and expenses of road maintenance employees attending conferences with officers in connection with wage disputes.
 Fees paid arbitrators in wage disputes with road maintenance employees.
 Payments to road maintenance employees for time absent on account of sickness, when not compensated for personal injuries.
 Gratuities paid to persons for discovering defective rails, etc.

278. Maintaining Joint Facilities—Dr.

This account shall include the carrier's proportion of the costs incurred by others in maintaining joint tracks, yards, terminals, and other facilities.

NOTE—The purpose of this account is to show the amounts accruing against the carrier for its proportion of the cost of maintaining tracks, yards, and other roadway and structure facilities maintained by others and in the joint use of which the carrier participates. (See general instructions, section 14)

279. Maintaining Joint Facilities—Cr.

This account shall include amounts chargeable to others as their proportions of the cost incurred by the carrier in maintaining joint tracks, yards, terminals, and other facilities.

NOTE—The purpose of this account is to show the amounts accruing in favor of the carrier and against others for their proportions of the cost of maintaining tracks, yards, and other roadway and structure facilities maintained by the carrier and in the joint use of which others participate. (See general instructions, section 14)

280. Equalization—Road.

This account shall include adjustments of the difference between the actual and the budgeted or authorized road maintenance expenses as provided in section 12 of the general instructions. The amounts included in this account shall concurrently be debited or credited to account No. 773½, "Equalization reserves".

281. Right of Way Expenses.

This account shall include the cost to the carrier of maintaining structures owned by or exclusively used by others, such costs having been assumed by the carrier in order to acquire or to secure a less restricted use of its right of way.

The structures here referred to are those such as bridges above the carrier's tracks, tunnels, and roadways under the carrier's tracks.

NOTE—The cost of maintaining public improvements is includible in account No. 273, "Public improvements".

II. EQUIPMENT MAINTENANCE.

The primary accounts included in this general account are designed to show the expenses of maintaining the carrier's equipment and the carrier's expense for the repairs of equipment of others used in its operations. The repair accounts shall include foreign roads' freight charges for transporting the carrier's equipment to shops for repairs and for transporting such equipment to the carrier's line after repairs have been made. No charge shall be made to these accounts for transporting equipment in the carrier's transportation service trains to shops for repairs or from shops after repairs have been made.

Expenses of express, commercial communications and highway transport business classified as rail are to be included in the separate general and primary accounts provided for such business. (See general instructions, section 10)

301. Superintendence.

This account shall include:

Pay of officers—The pay of officers directly in charge of or engaged in equipment maintenance.

List of Officers

(See general instructions, section 4)

Vice-president	General equipment inspector
Assistant vice-president	Engineer of tests
General superintendent of motive power	Supervisor of car department
Assistant general superintendent of motive power	Electrical engineer
Mechanical superintendent	Assistant electrical engineer
Superintendent of motive power	Chemist and assistant chemist
Assistant superintendent of motive power	Master car builder
Mechanical engineer	Master mechanic
Assistant mechanical engineer	General foreman
Chief chemist	Chief car inspector
	Inspector of passenger train cars
	General car inspector
	Travelling boiler inspector

Pay of clerks and attendants—The pay of clerks and other employees in the office and on business cars of officers whose pay is chargeable to this account.

List of Employees
(See general instructions, section 4)

Chief motive power clerks	Shop clerks
Chief clerks	Messengers
Draftsmen	Cooks
Stenographers	Porters
Motive power clerks	

Office and other expenses—Office expenses and other expenses of officers and employees whose pay is chargeable to this account, and amounts paid to detective agencies and others for investigations in connection with repairs of equipment.

Items of Expense and Supplies
(See general instructions, section 4)

Atlases and maps	Official train service
Barometers	Periodicals and newspapers
Books for office use	Power
Business car service	Provisions for business cars
Drafting instruments	Rent of offices
Drafting supplies	Repair of rented offices
Engineering supplies	Telegraph service
Fees and dues in technical associations	Telephone service
Furniture repairs and renewals	Travelling expenses
Heating	Water and ice
Lighting	

NOTE A—When employees designated above are specifically assigned to construction work, their pay and expenses while thus employed shall be charged to the work upon which engaged. (See general instructions, section 6)

NOTE B—When officers designated above have supervision over more than one department, their salaries, the pay of their clerks and attendants and their office and other expenses shall be apportioned equitably among the departments over which they have jurisdiction.

NOTE C—The cost of stationery purchased for equipment maintenance offices is chargeable to account No. 334, "Stationery".

NOTE D—The pay of general foremen in small shops, who exercise direct supervision over all departments, unassisted by departmental foremen, shall be apportioned through clearing account "Shop expenses".

302. Shop and Power Plant Machinery.

This account shall include the cost of repairing machinery and other apparatus (including special foundations) in shops and engine houses and in power plants and substations for generating and transforming power used for the operation of trains and cars or to furnish power, heat and light for general purposes. (Note carefully general instructions, section 12)

List of Shop and Power Plant Machinery
(See general instructions, section 4)

Air compressors	Boilers and fittings
Ammeters	Boosters
Ash conveying machinery	Boring machines
Batteries	Cables, interior
Battery charging apparatus	Cars, small motor
Belting	Cars, push
Blowers	Circuit breakers
Boiler room appliances and tools	Clutches

Coal conveying machinery	Power machinery, where no distinct power plant is provided
Condensers	Pumps
Conductors	Punches
Cranes	Purifiers
Cut-outs	Refrigerating machinery and apparatus
Draft machinery	Rheostats
Drill presses	Riveters
Drilling machines	Rotary convertors
Drop tables	Saws
Dynamos	Sewer connections for machinery
Economizers	Shafting
Engine room appliances and tools	Shapers
Feed water heaters	Slotters
Forges	Special foundations for machines
Framing machines	Stationary engines
Furnaces	Steam distribution systems within the plant
Generators	Steam fittings
Grinding and polishing machines	Steam hammers
Hangers	Switchboards
Hoists	Switches
Hydraulic jacks	Tanks
Ice manufacturing machinery and apparatus	Tractors, trailers and trucks, permanently assigned to power plants
Insulators	Transformers
Lathes	Turbines
Lifting magnets	Vises
Lubricating devices	Voltmeters
Machinery	Water meters
Mechanical stokers	Waterwheels
Metal chimneys	Welding machines
Milling machines	Well pumps
Motors	Wires from generators or transformers to switchboard
Pipe cutting and threading machines	Woodworking machines
Piping	
Planers	
Pneumatic hammers	

NOTE A—The cost of repairing boilers used exclusively for heating shall be included in the appropriate repair accounts for buildings.

NOTE B—The cost of small tools which are soon worn out, when used by mechanics on miscellaneous work, shall be included in clearing account "Shop expenses", and when used on repairs of equipment shall be included in the appropriate accounts for repairs of equipment.

NOTE C—The cost of repairing machinery and tools in shops used exclusively for road maintenance shall be included in account No. 229, "Roadway buildings".

NOTE D—The cost of repairing power machinery and apparatus used primarily for station and office purposes shall be included in account No. 227, "Station and office buildings", and for signals and interlockers shall be included in account No. 249, "Signals".

NOTE E—The cost of repairing foundations, other than those special to particular machines and other apparatus, shall be included in cost of repairing the building and not in this account.

NOTE F—The cost of repairing machinery in distinct plants for furnishing power both for carrier purposes and for sale shall be included in this account. When plants are used solely for generating power for sale the cost of repairs shall be included in account No. 534NR, "Non-rail property expenses".

305. Other Equipment and Machinery—Depreciation.

This account shall include the amount of depreciation charges applicable to the accounting period for all classes of property the cost of which is includible in accounts No. 58, "Other equipment", No. 59, "Shop machinery" and No. 60, "Power plant machinery". (See section 11 of the general instructions)

306. Dismantling Retired Shop and Power Plant Machinery.

This account shall include the cost of dismantling retired shop and power plant machinery and recovering the salvage therefrom.

308. Steam Locomotives.

This account shall include the cost of repairing transportation service steam locomotives and tenders, including all appurtenances and the cost of small hand tools used in repair work.

This account shall also include the cost of work train service (other than wrecking train service) for the transportation of locomotives without steam to shops for repairs, including the pay and expenses of caretakers, and the pay and expenses of caretakers of locomotives without steam which are hauled in transportation service trains to shops for repairs; also notarial fees in connection with reports on conditions of locomotives.

(Note carefully general instructions, section 12)

List of Appurtenances to Locomotives

(See general instructions, section 4)

Air brake equipment and hose	Head lamps
Arm rests	Packing (except for lubricating)
Awnings	Pneumatic sanding equipment
Brake fixtures	Seat boxes
Cab cushions	Speed recorders
Cab lamps	Steam gauge lamps
Clocks	Steam heat equipment and hose
Coal boards	Storm doors
Fire extinguishing apparatus	Tool boxes
Gongs	Train signal equipment and hose

NOTE A—The cost of inspecting smokestacks and ash pans of locomotives in service shall be included in the appropriate enginehouse expense accounts.

NOTE B—The cost of repairing steam locomotives and tenders of foreign lines, waybilled as freight, and damaged in transit shall be charged to account No. 418, "Loss and damage—freight"; and the cost of repairing steam locomotives and tenders of foreign lines having trackage rights over the carrier's line, damaged by collision, wreck, or other cause, for which the carrier is liable, shall be charged to account No. 416, "Damage to property".

NOTE C—The cost of running locomotives under steam to shops for repairs in connection with transportation service shall be included in the cost of the service in connection with which the movement occurs.

NOTE D—The cost of repairing steam locomotives used solely in work service, in connection with operations shall be included in account No. 326, "Work equipment". The cost of repairing locomotives on account of construction work shall be included in the cost of the work. (See general instructions, section 6)

311A. Diesel Locomotives.

This account shall include the cost of repairs to transportation diesel locomotives analogous to those set forth for steam locomotives in account No. 308, "Steam locomotives", including all appurtenances and the cost of small hand tools used in repair work.

(Note carefully general instructions, section 12)

311B. Other Locomotives.

This account shall include the cost of repairs to transportation service locomotives other than steam or diesel locomotives, analogous to those set forth for steam locomotives in account No. 308, "Steam locomotives", including all appurtenances and the cost of small hand tools used in repair work.

(Note carefully general instructions, section 12)

314. Freight Train Cars.

This account shall include the cost of repairing freight train cars and appurtenances, and the cost of repairing motor equipment affixed to freight train cars engaged in transportation service; also cost of small hand tools used in repairs. This account shall also include the net loss sustained on account of the destruction of foreign freight cars in the carrier's transportation service and amounts paid to others for repairs of freight cars for which the carrier is liable. (Note carefully general instructions, section 12)

List of Freight Train Cars

(See general instructions, section 4)

Automobile	Fruit	Platform
Ballast (commercial)	Furniture	Poultry
Box	Gondola	Produce
Caboose	Hay	Rack
Charcoal	Lime	Refrigerator
Coal	Logging	Stock
Coke	Machinery	Tank and water (when used
Dump (commercial)	Oil tank	as commercial cars
Flat	Ore	

List of Appurtenances to Freight Train Cars

(See general instructions, section 4)

Air brake equipment, including hose	Cooking equipment and utensils	Lamps and fixtures
Automobile loading equip- ment permanently attached	Cushions	Seats
	Heating equipment	Speed recorders
	Ice boxes	Trains signal equipment including hose
		Water tanks

NOTE A—The cost of candles, wicks, lamp chimneys, globes, and shades for oil or other lamps in freight train cars shall be charged to account No. 402, "Train other expenses".

NOTE B—The cost of repairing freight train cars of foreign lines waybilled as freight and damaged in transit shall be charged to account No. 418, "Loss and damage—freight"; and the cost of repairing freight train cars of foreign lines having trackage rights over the carrier's line, when damaged by collision, wreck, or other cause, for which the carrier is liable, shall be charged to account No. 416, "Damage to property".

317. Passenger Train Cars.

This account shall include the cost of repairs to passenger train cars and appurtenances and the cost of repairing motor equipment affixed to passenger train cars (including motor driven cars) used in transportation service; small hand tools used in repairs; the net loss sustained on account of the destruction

of foreign passenger train cars in the carrier's transportation service, and amounts paid others for repairs of passenger train cars for which the carrier is liable. (Note carefully general instructions, section 12)

List of Passenger Train Cars

(See general instructions, section 4)

Baggage	Colonist	Passenger
Baggage-express	Combination passenger	Passenger-baggage
Baggage-mail	and baggage	Passenger-baggage-mail
Baggage-mail-express	Dining	Postal
Buffet	Express	Refrigerator-express
Cafe	Mail	Sleeping
Chair	Milk	Smoking
Club	Observation	Tourist
Coach	Parlour	

List of Appurtenances to Passenger Train Cars

(See general instructions, section 4)

Air brake equipment	Electric fans	Ranges and boilers
including hose	Floor coverings	Seats
Air conditioning equipment	Generators	Speed recorders
Awnings	Heating equipment and	Steam heat hose
Batteries, storage	steam heat hose	Tables
Chairs	Ice boxes	Toilet equipment
Coat hooks	Ice tanks	Train signal equipment
Electric bells	Lighting equipment	including hose
	Mirrors	Water tanks
	Parcel racks	

NOTE A—The cost of globes and shades for electric and other lights in passenger train cars shall be charged to account No. 402, "Train other expenses".

NOTE B—The cost of repairing passenger train cars of foreign lines, which are waybilled as freight and have been damaged in transit, shall be charged to account No. 418, "Loss and damage—freight", and the cost of repairing passenger train cars of foreign lines having trackage rights over the carrier's line, when damaged by collision, wreck, or otherwise, for which the carrier is liable, shall be charged to account No. 416, "Damage to property".

NOTE C—The cost of replacement of bedding, curtains and fixtures, cushions, kitchen equipment and utensils, table china, glassware, linen and silver, shall be charged to account No. 403, "Operating sleeping and parlour cars", or account No. 441, "Dining and buffet service", as may be appropriate.

323. Vessels.

This account shall include the cost of repairing vessels (other than work vessels), including appurtenances, tracks laid on car floats, and cost of small hand tools used in repairs.

The pay and expenses of captains, engineers and of employees, while engaged on maintenance of vessels, shall be included in this account. (Note carefully general instructions, section 12)

List of Vessels

(See general instructions, section 4)

Barges	Lighters	Steamboats
Canal boats	Power launches	Transfer boats
Car and other floats	Power lighters	Tugboats
Ferry boats	Scows	

List of Appurtenances, Tool Equipment, and Furniture
(See general instructions, section 4)

Anchors	Fire extinguishers	Oil cans
Axes	Floor coverings	Pumps
Barometers	Flue cleaners	Racks
Beds and bedding	Furniture	Radio apparatus
Binnacle lamps	Gangplanks	Railings
Blocks and tackle	Hatchets	Rakes
Boilers and foundations	Heating equipment	Rigging
Cables	Hoisting equipment	Safes
Capstan bars	Hooks	Scales
Carpets	Keys	Seats, chairs, and cushions
Charts	Kitchen equipment	Shovels
China, crockery and glass-ware	Life boats	Slice bars and pokers
Chronometers	Life preservers	Spyglasses
Clocks	Lighting equipment	Steam distribution systems
Compasses	Linen	Steering equipment
Counters	Lines	Telescopes
Desks	Logs	Ticket cases
Engines and foundations	Machinery and foundations	Tool boxes
Fire buckets	Masts	Tools miscellaneous
	Office furniture	Tracks laid on car floats
		Ventilating equipment

326. Work Equipment.

This account shall include the cost of repairing rail work equipment and appurtenances including the motor feature of motor driven work equipment and the cost of small hand tools used in repairs. It shall also include the cost of repairing floating rail work equipment.

The cost of fitting up commercial cars for work service in connection with maintenance and operation; the cost of refitting them for commercial service; the cost of repairs to locomotives while in service for repairs of road and equipment; and the cost of repairs to foreign cars damaged while in such service shall be included in this account; also amounts paid in settlement for such cars destroyed in such service.

Rail work equipment consists of units assigned to work service and designed for movement in trains on their own wheels or mounted on cars permanently assigned to the units. (Note carefully general instructions, section 12)

List of Work Equipment—Rail
(See general instructions, section 4)

Air brake instruction cars	Grading cars	Snow plows (not attached to but moved by locomotives)
Ballast cars	Gravel cars	Sprinkling cars
Ballast unloader cars	Gravel spreaders (mounted)	Steam shovels
Boarding cars	Indicator cars	Steam wrecking derricks
Bunk cars	Locomotive tanks used as water cars	Supply cars
Business cars	Locomotives	Sweeper cars
Cinder cars	Officers' cars	Tool and block cars
Concrete mixers (mounted)	Outfit cars	Water cars
Cranes (mounted)	Painters' cars	Weed burners and cutters (mounted)
Derrick cars	Pay cars	Wrecking cars
Ditching cars	Pile drivers (mounted)	
Dump cars	Rail saws (mounted)	
Dynamometer cars	Scale test cars	
Flanger cars		
Gas tank cars		

Appurtenances to Work Equipment—Rail

(See general instructions, section 4)

Air brake equipment	Flue cleaners	Rakes
Beds and bedding	Hatchets	Ranges
Blocking	Heating equipment	Shovels
Blocks and tackle	Hooks	Slice bars and pokers
Boilers on cars	Jacks	Tool boxes
Bunks, seats and chairs	Kitchen utensils	Tools, miscellaneous
Chains	Lighting equipment	Train signal equipment
China, crockery and glassware	Linen	Wrecking trucks
Cushions	Lines	Wrenches
Engines on cars	Machinery on cars	
	Oil cans	

List of Work Equipment—Floating

(See general instructions, section 4)

Derricks	Dredges	Pile drivers
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Appurtenances to Work Equipment—Floating

(See general instructions, section 4)

Anchors	Fire buckets	Masts
Axes	Floor coverings	Oil cans
Barometers	Flue cleaners	Pumps
Beds and bedding	Gangplanks	Rakes
Blocks and tackle	Hatchets	Rigging
Boilers and foundations	Heating equipment	Sails
Cables	Hoisting equipment	Seats and chairs
China, crockery and glassware	Hooks	Shovels
Compasses	Keys	Slice bars and pokers
Cushions	Life preservers	Steam distribution systems
Desks	Lighting equipment	Steering equipment
Engines and foundations	Linen	Tool boxes
Fire extinguishers	Lines	Tools, miscellaneous
	Machinery and foundations	Wrenches

NOTE A—The cost of repairs to work equipment on account of construction work shall be included in the cost of the construction work on which it is used. (See general instructions, section 6)

NOTE B—The cost of maintaining cranes permanently assigned to fuel stations, wharves and docks, and shops shall be included in accounts No. 231, "Water and fuel stations", No. 241, "Wharves", No. 302, "Shop and power plant machinery", No. 534NR, "Non-rail property expenses", as may be applicable.

328. Other Equipment.

This account shall include the cost of repairing other equipment such as wagons, automobiles and other highway vehicles engaged in revenue transportation service, except vehicles and equipment used in express, cartage, commercial communications and highway transport (rail) operations.

(Note carefully general instructions, section 12)

Items of Other Equipment

(See general instructions, section 4)

Automobiles
Buses
Trucks, pick-up and delivery
Trucks, supply

NOTE A—The cost of repairing baggage and freight trucks (both hand and power operated) used at stations, freight houses, etc., shall be charged to account No. 376, "Station expenses".

NOTE B—The cost of repairs to automotive equipment whose operations are considered to be primarily of a non-rail character shall be charged to account No. 534NR, "Non-rail property expenses". (See general instructions, section 10)

NOTE C—The cost of repairs of vehicles used other than those required to transport passengers, freight, etc., (for example, repairs to an automobile used by a traffic representative), shall be charged to the account appropriate to the use of the equipment.

NOTE D—The cost of repairs to vehicles of express, cartage, commercial communications, and highway transport business classified as rail are to be included in the separate general and primary accounts provided for such business. (See general instructions, section 10)

329. Dismantling Retired Equipment.

This account shall include the cost of tearing down retired equipment and recovering the salvage therefrom.

NOTE—Cost of tearing down and recovering salvage from equipment used on express, cartage, commercial communications and highway transport operations classified as rail are to be included in the separate accounts provided for such operations. (See general instructions, section 10)

331. Rolling Stock and Vessels—Depreciation.

This account shall include the amount of depreciation charges applicable to the accounting period for all classes of equipment, the ledger value of which is includible in accounts 51 to 57, all inclusive. (See general instructions, section 11)

NOTE—Depreciation charges applicable to equipment pertaining to express, commercial communications, and highway transport business classified as rail are to be included in the separate general and primary accounts provided for such business. (See general instructions, section 10)

332. Injuries to Persons.

This account shall include expenses on account of injuries to persons which occur directly in connection with repairs of equipment.

Services of employees and others called in consultation in relation to claim adjustments, pay and expenses of employees while engaged as witnesses at inquests and lawsuits, and a suitable proportion of donations made to hospitals shall be included in this account.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, and the amounts assessed under the provisions of any act of the Parliament of Canada or of provincial legislature providing for compensation to workmen for injuries. (The carrier is not required to anticipate items which would not appreciably affect the account.)

Items of Expense

(See general instructions, section 4)

Artificial limbs
Carriage fees
Claim adjusters' and clerks' services
Claim adjusters' office expenses
Compensation for injuries or death
Final judgments, including plaintiffs' court costs
Funeral expenses
Hospital attendance

Medical and surgical services
Medical and surgical supplies
Notarial fees
Nursing
Railway transportation
Undertakers' services
Undertakers' supplies
Witnesses' fees and expenses at inquests and lawsuits

NOTE A—Expenses incident to personal injury suits, not otherwise provided for, shall be included in account No. 454, "Law expenses".

NOTE B—Amounts donated by a carrier to hospitals shall be distributed, 25 per cent to account No. 274, "Injuries to persons", 25 per cent to account No. 332, "Injuries to persons", and 50 per cent to account No. 420, "Injuries to persons".

NOTE C—The pay, office rent, and office and other expenses of claim adjusters, claim clerks, and others in charge of or engaged in connection with claim cases, when not assignable to a distinct class of claims, shall be apportioned equitably among the several classes of claims over which they have jurisdiction or in connection with which they are engaged.

333. Insurance.

This account shall include premiums, except reinsurance premiums, for insuring the carrier against loss, through injuries to persons or damage to or destruction or loss of property, whether caused by fire, accident, or other cause, when such loss to the carrier would be chargeable to Equipment Maintenance; also premiums on fidelity bonds of employees whose pay is chargeable to Equipment Maintenance. (See general instructions, section 13)

NOTE—The premiums paid by the carrier to its insurance fund shall be credited to an insurance reserve account, to which account shall be charged the amount of all claims for injuries to persons and damages to the property covered by its insurance. To such account shall also be charged all reinsurance premiums paid to insurance companies and an equitable proportion of the expenses of operating the insurance department of the carrier, and to it shall be credited all amounts recovered from insurance companies for damage to the property reinsured by them.

334. Stationery.

This account shall include the cost of stationery, printing and office appliances used in connection with maintenance of equipment.

Stationery Items

(See general instructions, section 4)

Adding machines	Electric pens	Paper files
Addressographs and supplies	Envelopes	Paper weights
Binders	Erasers, rubber and steel	Pencil sharpeners
Blank books	File boxes, paper	Pencils
Blotters	Forms, blank and printed	Penholders
Blotting paper	Glass pens	Pens
Blueprint paper	Hectographs	Phonographs and records
Bristol board	Indexes	Pins
Calculating machines	Ink	Postage
Calendars	Inkstands	Punches (not conductor's or baggagemen's)
Carbon paper	Invoice books	Rubber bands
Cardboard	Legal cap paper	Rulers
Cards, blank and printed	Letter paper	Ruling pens
Circulars	Manifold paper	Scrapbooks
Computing tables	Manifold pens	Sealing wax
Copy (impression) books	Mimeographs	Seals
Copying brushes	Mucilage	Shears
Copying presses	Mucilage brushes	Shipping tags
Crayons	Neostyles	Shorthand notebooks
Cross section books	Note paper	Sponge cups
Cross section paper	Notices	Sponges
Cyclostyles	Numbering stamps	Stamps, impression
Dating stamps and ribbons	Oil paper	Stamp pads
Dictaphones	Paper	Stylographs
Dictographs	Paper baskets	Tablets, blank and printed
Drawing paper	Paper clips	Tape
Duplicators	Paper cutters	Tape recorders
	Paper fasteners	

Telegraph blanks	Twine	Water colors
Tissue (impression) paper	Typewriters and ribbons	Water holders
Tracing cloth	Wage tables	Wrapping paper
Tracing paper	Wastebaskets	Wringers for copying presses

NOTE—The cost of dictionaries, periodicals, technical books, etc., shall be included in the appropriate superintendence accounts.

335. Other Expenses.

This account shall include expenses in connection with equipment maintenance not properly chargeable to other accounts for equipment maintenance or to clearing accounts such as "Material store expenses" and "Shop expenses".

Items of Expense

(See general instructions, section 4)

Pay and expenses of mechanical department employees attending conferences with officers in connection with mechanical department wage disputes.

Fees paid arbitrators in connection with mechanical department wage disputes.

Payments to mechanical department employees for time absent on account of sickness when not in compensation for personal injuries.

336. Maintaining Joint Equipment—Dr.

This account shall include the carrier's proportion of expenses incurred by others in maintaining equipment used in the operation of joint facilities, including the carrier's proportion of the expenses of repairing such equipment damaged by accidents when such expenses are participated in by more than one carrier. It shall also include the carrier's proportion of expenses incurred by others in maintaining joint shop machinery and power plant machinery.

NOTE—The purpose of this account is to show the amount accruing against the carrier for its proportion of the expense of maintaining equipment, shop machinery, and power plant machinery, which is maintained by others and in the joint use of which the carrier participates.

337. Maintaining Joint Equipment—Cr.

This account shall include the amount chargeable to others as their proportion of expenses incurred by the carrier in maintaining equipment used in the operation of joint facilities, and for expenses of repairing equipment damaged by accidents, when such expenses are participated in by more than one carrier. It shall also include amounts chargeable to others as their proportions of the expenses incurred by the carrier in maintaining joint shop machinery and power plant machinery.

NOTE—The purpose of this account is to show the amounts accruing in favour of the carrier due from others for their proportions of the expense of maintaining equipment, shop machinery, and power plant machinery, which is maintained by the carrier and in the joint use of which others participate.

338. Equalization—Equipment.

This account shall include adjustments of the differences between the actual and the budgeted or authorized equipment maintenance expenses as provided in section 12 of the general instructions. The amounts included in this account shall concurrently be debited or credited to account No. 773½, "Equalization reserves".

III. TRAFFIC.

The primary accounts included in this general account are designed to show the expenses incurred for advertising, soliciting, and securing traffic for the carrier's lines and for preparing and distributing tariffs governing such traffic.

Expenses of express, commercial communications and highway transport business classified as rail are to be included in the separate general and primary accounts provided for such business. (See general instructions, section 10)

351. Superintendence.

This account shall include:

Pay of officers—The pay of officers directly in charge of or engaged in supervising the procurement of traffic, and the preparation and distribution of tariffs, division sheets, and classifications.

List of Officers

(See general instructions, section 4)

Vice-president	Travelling tariff inspector
Assistant to vice-president	General passenger agent
Traffic manager	Assistant general passenger agent
General freight agent	Division passenger agent
Assistant general freight agent	Division freight agent
Chief of tariff bureau	General baggage agent

Pay of clerks and attendants—The pay of clerks and other employees in the offices and on business cars of officers whose pay is chargeable to this account.

List of Employees

(See general instructions, section 4)

Chief clerk	Stenographers	Porters
Clerks	Messengers	Attendants
File clerks	Cooks	

Office and other expenses—Office expenses and other expenses of officers and employees whose pay is chargeable to this account.

Items of Expense and Supplies

(See general instructions, section 4)

Atlases and maps	Heating	Repairs of rented
Books for office use	Lighting	offices
Business car service	Periodicals and	Telegraph service
Express charges	newspapers	Telephone service
Fees and dues in commercial and other clubs	Provisions for	Travelling expenses
Furniture repairs and renewals	business cars	Water and ice
	Rent of offices	

NOTE A—When officers designated above have supervision over more than one department, their salaries, the pay of their clerks and attendants and their office and other expenses shall be apportioned equitably among the departments over which they have jurisdiction.

NOTE B—The pay and expenses of officers engaged exclusively in soliciting traffic are chargeable to account No. 352, "Agencies".

NOTE C—The cost of stationery for traffic offices is chargeable to account No. 358, "Stationery" excepting stationery chargeable to accounts No. 354, "Associations" and No. 356, "Industrial and immigration bureaus".

352. Agencies.

This account shall include the pay, and the office, travelling, and other expenses of general, commercial, city and district agents and others soliciting traffic, the employees of their offices, and travelling agents and solicitors located on or off the line of the carrier's road.

City ticket and freight offices, separate from regular station ticket and freight offices, shall be treated as agencies for which the pay and expenses of the employees therein and the expenses of such offices shall be charged to this account.

Commissions for services pertaining to either freight or passenger business, except commissions paid in lieu of salaries to carrier's agents located upon the carrier's own line (which shall be charged to account No. 373, "Station employees"), shall be included in this account.

Items of Expense

(See general instructions, section 4)

Bicycles	Office supplies
Books for office use	Periodicals and newspapers
Commissions	Rent of offices
Express charges	Repairs of rented offices
Furniture repairs and renewals	Telegraph service
Heating	Telephone service
Lighting	Travelling expenses
Membership fees and dues in commercial and other clubs	Water and ice

353. Advertising.

This account shall include the cost of advertising for the purpose of securing traffic; pay of advertising agents, their clerks and attendants; rent of offices, and the office, travelling, and other expenses of such employees; also donations to carnivals, local development associations, summer schools, and other gatherings, when made for the purpose of increasing traffic.

Items of Advertising Expense

(See general instructions, section 4)

Advertisements in newspapers	Handbills
Advertisements in periodicals	Maps used for advertising
Bulletin boards and cards	Motion pictures
Card cases	Pamphlets
Customs charges on advertising matter	Photographs and views
Display and other advertising cards	Postage
Distributing folders	Posters
Distributing general notices to shippers	Publishing advertising matter
Distributing time tables	Publishing folders
Express charges	Publishing notices to shippers
Frames	Publishing time tables
	Racks

NOTE—Advertising expenses of industrial and immigration bureaus shall be included in account No. 356, "Industrial and immigration bureaus".

354. Associations.

This account shall include the cost to the carrier of participation in traffic associations and fast freight organizations, including its proportion of the pay of officers and employees of such associations and organizations, and of their office, stationery, travelling, and other expenses.

List of Associations

(See general instructions, section 4)

Boards of trade	Fast freight or dispatch	Passenger associations
Classification bureaus	organizations	Tariff bureaus
Clergy bureaus	Freight associations	Ticket validating agencies
Commercial associations		

356. Industrial and Immigration Bureaus.

This account shall include the cost to the carrier of industrial, agricultural, colonization and immigration departments including the pay of officers in charge, their agents, clerks and attendants and their office stationery, travelling and other expenses.

Items of Expense

(See general instructions, section 4)

Advertising	Donations and premiums	Experimental farms
Agricultural trains	to expositions	Good roads trains
Dairy trains	Exhibits	

357. Insurance.

This account shall include premiums, except reinsurance premiums, for insuring the carrier against loss through injuries to persons or damage to or destruction or loss of property, whether caused by fire, accident, or other cause, when such loss to the carrier would be chargeable to Traffic; also premiums on fidelity bonds of employees whose pay is chargeable to Traffic. (See general instructions, section 13)

NOTE—The premiums paid by the carrier to its insurance fund shall be credited to an insurance reserve account, to which account the amount of all claims for injuries to persons and damages to the property covered by its insurance shall be charged. To such account shall also be charged all reinsurance premiums paid to insurance companies and an equitable proportion of the expenses of operating the insurance department of the carrier and to it shall be credited all amounts recovered from insurance companies for damage to the property reinsured by them.

358. Stationery.

This account shall include the cost of stationery, printing and office appliances used in connection with securing traffic, including the cost of tariffs governing such traffic.

Stationery Items

(See general instructions, section 4)

Adding machines	Calculating machines	Computing tables
Addressographs and	Calendars	Copy (impression) books
supplies	Carbon paper	Copying brushes
Binders	Cardboard	Copying presses
Blank books	Cards, blank and printed	Crayons
Blotting paper	Circulars	Cyclostyles
Bristol board	Classifications	Dating stamps and ribbons

Dictaphones	Notices	Sealing wax
Dictographs	Numbering stamps	Seals
Division sheets	Oil paper	Shears
Duplicators	Paper	Shipping tags
Electric pens	Paper baskets	Shorthand notebooks
Envelopes	Paper clips	Sponge cups
Erasers	Paper cutters	Sponges
File boxes	Paper fasteners	Stamps, impression
Forms, blank and printed	Paper files	Stamp pads
Freight classifications	Paper weights	Stylographs
Glass pens	Pencil sharpeners	Tablets, blank and printed
Hectographs	Pencils	Tape
Indexes	Penholders	Tape recorders
Ink	Pens	Tariffs, printed
Inkstands	Phonographs and records	Telegraph blanks
Invoice books	Pins	Tissue (impression) paper
Legal cap paper	Postage	Twine
Letter paper	Punches (not conductors' or baggagemen's)	Typewriters and ribbons
Manifold paper	Rate sheets	Wage tables
Manifold pens	Rubber bands	Wastebaskets
Mimeographs	Rubber stamps	Water colors
Mucilage	Rulers	Water holders
Mucilage brushes	Ruling pens	Wrapping paper
Neostyles	Scrapbooks	Wringers for copying presses
Note paper		

NOTE A—The cost of dictionaries, periodicals, technical books, etc., shall be included in the appropriate superintendence accounts.

NOTE B—The cost of stationery used by traffic associations, fast freight lines, and industrial, agricultural, colonization and immigration bureaus shall be included in the accounts provided for the expenses of such organizations.

359. Other Expenses.

This account shall include all expenses in connection with Traffic not properly chargeable to other Traffic accounts.

IV. TRANSPORTATION—RAILWAY LINE.

The primary accounts included in this general account are designed to show expenses incurred for transporting persons and the property of others, including the expenses of station, train, yard, and terminal service; also the expense of transporting company material in transportation service trains.

Expenses of express, commercial communications and highway transport business classified as rail are to be included in the separate general and primary accounts provided for such business. (See general instructions, section 10)

371. Superintendence.

This account shall include:

Pay of officers—The pay of officers directly in charge of or engaged in conducting transportation.

List of Officers

(See general instructions, section 4)

Vice-president	General superintendent
Assistant to the vice-president	Assistant general superintendent
General manager	Superintendent
Assistant general manager	Division superintendent
General superintendent of transportation	Assistant division superintendent
Superintendent of transportation	Superintendent of car service

Chief special agent
Members of examining boards
Superintendent of mail service
Travelling train and station inspectors
Air brake instructor
Trainmaster

Assistant trainmaster
General road foreman of locomotives
Road foreman of locomotives
Travelling locomotive engineer
Travelling locomotive fireman

Pay of clerks and attendants—The pay of clerks and others employed in the offices and on business cars of officers whose pay is chargeable to this account.

List of Employees

(See general instructions, section 4)

Accountant
Chief clerk
Clerks

Special agents
Detectives
Stenographers

Janitors
Cooks
Porters

Office and other expenses—Office expenses and other expenses of officers and employees whose pay is chargeable to this account; also the pay and expenses of employees attending investigations concerning the cause of or responsibility for accidents, and amounts paid detective agencies and others for work in connection with such investigations.

Items of Expenses and Supplies

(See general instructions, section 4)

Atlases and maps
Barometers
Books for office use
Business car service
Express charges
Fees and dues in associations
Furniture repairs and renewals
Heating
Lighting
Official train service

Periodicals and newspapers
Power
Provisions for business cars
Rent of air brake instruction cars
Rent of offices
Repairs of rented offices
Telegraph service
Telephone service
Travelling expenses
Water and ice

NOTE A—When officers designated above have supervision over more than one department, their salaries, the pay of their clerks and attendants, and their office and other expenses shall be apportioned equitably among the departments over which they have jurisdiction.

NOTE B—The cost of stationery purchased for transportation offices is chargeable to account No. 410, "Stationery".

NOTE C—The pay and expenses of detectives and special agents who are engaged in general protection of the property and interests of the carrier shall be included in this account but if specially assigned to yards, stations, shops, etc., shall be charged to other appropriate primary accounts.

372. Dispatching.

This account shall include the pay of chief and other train dispatchers, their clerks, copying operators, and attendants, and pay of operators on the line whose duties are confined to directing train movements; also the office, travelling, and other expenses of such employees.

NOTE—Pay of operators who also perform station work or operate signals and interlockers shall be apportioned to account No. 373, "Station employees" or account No. 404, "Signal operation", as may be appropriate.

373. Station Employees.

This account shall include:

Agents, clerks, and attendants—The pay of agents, clerks, and attendants in charge of, or engaged in, the operation of stations, stockyards, wharves, and piers used in the rail transportation operations of the carrier; also payments to such station or ticket agents in lieu of salaries.

Special payments to customs inspectors on account of opening and resealing cars under unusual conditions, and payments to produce exchange inspectors for inspecting, measuring, and weighing grain shall be included in this account.

List of Employees

(See general instructions, section 4)

Accountants	Janitors	Stationmasters and assistants
Assistant agents	Maids	Stockyard superintendents and foremen
Baggage agents at stations	Matrons	Telegraph and telephone operators
Baggagemen	Messengers	Ticket agents
Cashiers	Package and parcel room employees	Ticket collectors
Chauffeurs	Policemen	Ticket examiners
Clerks	Porters	Train callers
Collectors	Relief agents	Ushers
Customs inspectors	Reservation clerks	Watchmen
Detectives	Station agents	
Gatemen	Station passenger agents	
Information bureau employees	Station freight agents	

Labour at stations—Station and other labour expended in handling freight, mail and baggage at stations, wharves, and piers; in loading, unloading, feeding, watering, bedding, shearing, dipping, inspecting, and otherwise caring for stock; in disinfecting stations, stockyards, and stock pens; in transferring, picking up, straightening, and reloading freight in the ordinary course of transportation; in miscellaneous station work, including (when done by station employees) cleaning station grounds, station platforms, walks, stockyards and stock pens, and removing snow and ice therefrom; and in tending switch lamps not in yards and terminals. Payments to elevator companies (when not made as division of rate) for transferring grain en route, and payments to other companies and individuals for loading and unloading commercial freight under contract or otherwise shall be included in this account.

List of Employees

(See general instructions, section 4)

Baggage storeroom employees	Freight handlers	Stationary firemen
Car sealers	Freight house foremen	Stevedores
Checkmen	Freight loaders	Stock pen labourers
Coal handlers	Freight unloaders	Stockyards labourers
Coopers	Longshoremen	Tallymen
Delivery men	Mail carriers	Teamsters
Electricians	Mail weighers	Truckmen
Freight callers	Station cleaners	Warehousemen
	Stationary engineers	Weighmasters

NOTE A—The cost of transferring freight, mail and baggage, on account of wrecks shall be included in account No. 415, "Clearing wrecks".

NOTE B—This account shall not include the pay of telegraph and telephone operators provided for under accounts No. 372, "Dispatching", No. 407, "Rail communication system operation" and commercial communications operations account No. 481, "Communications conducting operations", or pay of employees provided for under account No. 375, "Coal and ore wharves".

NOTE C—The pay and expenses of stockyard employees shall be included in this account only where such stockyards are considered as incidental to and are accounted for as part of the rail operation. When stockyards are considered to be non-rail such pay and expenses shall be charged to account No. 534NR, "Non-rail property expenses".

NOTE D—Where incidental services are performed by regular section forces in connection with station grounds, platforms, stockyards, etc., the cost of such services shall be charged to account No. 202, "Track and roadway maintenance" when the section man's time on such service amounts to four hours or less in any one working day.

374. Weighing, Inspection and Demurrage Bureaus.

This account shall include the cost to the carrier of its participation in joint weighing, inspection, demurrage, and car distribution bureaus and associations.

375. Coal and Ore Wharves.

This account shall include the cost of operating docks, and wharves, piers, and other marine, lake or river landings, and the machinery located thereon, used in connection with the transportation of coal and ore.

Labour and expenses—The pay and the office, travelling, and other expenses of employees engaged in operating coal and ore wharves.

Tools and supplies—The cost of all tools and supplies used in the operation of coal and ore wharves.

List of Tools and Supplies (See general instructions, section 4)

Cylinder oil	Lantern parts	Shovels
Electric power and lighting	Lanterns	Slice bars
Fuel for stationary boilers	Lubricating oil	Waste
Illuminating oil	Picks	Wicks

NOTE—The cost of switching service in connection with coal and ore wharves shall not be included in this account.

376. Station Expenses.

This account shall include the cost of heating, lighting and miscellaneous supplies and expenses at stations, freight and passenger offices at stations and other station buildings and structures including lighting of street approaches thereto and passenger foot bridges and subways at stations.

Items of Expense (See general instructions, section 4)

Express charges	Rent of automatic weighing and recording devices
Furniture repairs and renewals	Rent of scales
Garage expenses	Sprinkling station grounds
Gasoline, batteries and other supplies for station trucks and tractors	Station employees' expenses
Heating	Supplies used in feeding, watering, bedding, shearing, dipping, inspecting and otherwise caring for livestock
Lighting	Telegraph service
Mail transfer by others than employees	Telephone service
Membership fees and dues in agents' associations	Warehouse charges for storage of freight
Power for station machinery	Washing towels

Items of Tools and Supplies

(See general instructions, section 4)

Atlases and maps	Gangplanks	Punches for baggagemen and gatemen
Awnings	Gas	Rakes
Badges	Gasoline	Safes
Baskets	Hampers	Scales—portable
Blocking	Hooks	Stoves and stovepipe
Bulletin boards	Hose and couplings	Switch lamp supplies at points where regular switching service is not maintained
Call bells	Ice	Tarpaulins (not for cars)
Car seal presses	Ice handling supplies	Thermometers
Car seals	Ladders	Ticket cases
Chains	Lamps (not permanently attached to buildings)	Toilet supplies
Chalk	Lanterns	Tools
Check boxes	Letter boxes	Tool boxes
Check racks	Mail bags	Torpedoes
Cleaning supplies	Marking brushes	Train order hoops
Coal hods	Marline	Trucks and hand sleds
Cooperage material	Matches	Twine
Cups	Measures	Uniforms
Cuspidors	Medical boxes	Washbasins
Dippers	Medical supplies	Waste
Directories	Money drawers	Water
Electric fans	Newspapers	Water utensils
Electric light supplies	Oil	Wheelbarrows
Fire extinguishers	Oil cans	
Flags	Packing material	
Furniture	Padlocks	

NOTE A— The cost, of supplies for stockyards shall be included in this account only where such stockyards are considered as incidental to and are accounted for as part of the rail operation. When stockyards are considered to be non-rail such costs shall be charged to account No. 534NR, "Non-rail property expenses".

NOTE B—The cost of repairs to and supplies for freight and baggage trucks (both hand and power operated) used at stations, freight houses, etc., shall be charged to this account.

377. Yardmasters and Clerks.

This account shall include the pay of general yardmaster, yardmaster, assistant yardmaster, general yard foreman, and yard clerks and attendants in yards where regular switching service is maintained and in terminal switching and transfer service, including employees engaged in calling yardmen and trainmen; also pay of policemen, watchmen, and detectives in yard service. (See account No. 389, "Yard other expenses".)

378. Yard Trainmen:

This account shall include the pay of yard conductors or foremen and yard brakemen or switchmen handling cars in passenger and freight yards where regular switching service is maintained and in terminal switching and transfer service, including pay while deadheading in connection with such service. (See account No. 389, "Yard other expenses".)

NOTE—When conductors and brakemen are engaged in both train and yard service their pay shall be apportioned between the train and yard accounts on the basis of service rendered. This does not apply to train switching service performed by train crews, the entire pay of whom shall be charged to account No. 401, "Trainmen".

379. Yard Switchmen.

This account shall include the pay of employees in yards where regular switching service is maintained, who are engaged in the operation of yard switches and signals, including interlockers used solely or principally for the government of all movements of locomotives and trains between main and yard tracks, movements of locomotives between yard tracks and enginehouses and yard switching movements. (See account No. 389, "Yard other expenses".)

List of Employees
(See general instructions, section 4)

Battery men	Lamp men	Signal men
Interlocker oilers	Lamplighters	Switch oilers
Lamp cleaners	Lever men	Switch tenders
		Tower men

380. Yard Enginemen.

This account shall include the pay of yard enginemen while engaged in yards where regular switching service is maintained and in terminal switching and transfer service, including pay of such employees while deadheading in connection with yard service. For purposes of this account enginemen shall be understood to include the operators and their assistants, regardless of the type of self-propelled motive power being operated.

NOTE—The pay of enginemen on locomotives engaged in more than one class of service shall be apportioned on the basis of service rendered. Pay of enginemen on train locomotives while engaged in train switching service shall be included in account No. 392, "Train enginemen". The pay of enginemen on locomotives engaged in work service shall be included in the cost of the work to which the service pertains.

382. Yard Locomotive Fuel and Power.

This account shall include the cost delivered on locomotives or motor cars of coal, oil, gasoline, distillate and wood (including the cost of labour, unloading or stocking fuel) and electric and steam power purchased or produced for the propulsion of locomotives and motor cars engaged in switching service in yards where regular switching service is maintained and in terminal switching and transfer service.

The cost of fuel delivered on locomotives or motor cars shall include a suitable proportion of the pay of fuel agents, inspectors and weighers, clerks engaged at fuel offices, pay of fuel station employees, power station and sub-station employees and a suitable proportion of the cost of operating machinery at fuel and power stations including fuel, water, tools and other supplies and expenses.

NOTE A—The cost of repairs and renewals of coal chutes, buggies, pockets, hoist and mechanical conveyors at fuel stations shall be charged to account No. 231, "Water and fuel stations".

NOTE B—Fuel power and supplies consumed by locomotives in work train service shall be included in the cost of the work to which the service pertains.

385. Yard Locomotive Water.

This account shall include the cost of water supplied to locomotives in switching service in yards where regular switching service is maintained, and in terminal switching and transfer service, including rent of ponds, lakes, other sources of water supply and right of way for pipe lines; cost of water purchased, expenses of work trains while engaged in hauling water for locomotive supply, and cost of testing water; also cost of labour expended and cost of materials and supplies used in the operation of water stations and purifying plants.

The cost of operating boilers, engines, and pumps at water stations; heating and lighting water stations, breaking ice in water tanks, thawing out tank spouts and water cars, keeping fires in tanks and water cars to prevent freezing, shovelling snow into locomotive tanks; also temporary connections between water cars and locomotive tenders, compounds injected into locomotive boilers to decrease scale formation, and other expenses directly incident to the supplying of water to such locomotives, shall be included in this account.

An equitable proportion of the pay and the office, travelling, and other expenses of superintendent of water service engaged in connection with water supply for locomotives shall be included in this account.

Items of Water Station Supplies (See general instructions, section 4)

Axes	Gasoline	Siphons
Boiler compounds	Gasoline drums	Slice bars
Chemicals	Hand tools	Stove fixtures
Coal	Hose	Stoves
Coal picks	Oil	Waste
Engine igniter batteries	Rubber packing	Wrenches
	Shovels	

NOTE—The cost of supplies consumed by locomotives engaged in more than one class of service shall be apportioned upon the basis of service rendered. The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

386. Yard Locomotive Other Supplies.

This account shall include the cost of valve, engine, car, and other lubricating oils, grease, compounds, and waste used for lubrication of locomotives in switching service in yards where regular switching service is maintained and in terminal switching and transfer service.

It shall also include the cost of supplies, other than fuel and water, used on locomotives in switching service in yards where regular switching service is maintained and in terminal switching and transfer service, including the cost of repairs and renewals of furniture, tools and other movable articles required for use on locomotives in yard service.

The cost of sand charged to this account shall include the cost of material and supplies used in preparing and drying the sand for use, such as the cost of fuel, wheelbarrows, shovels, and sand screens.

Items of Tools and Supplies (See general instructions, section 4)

Ash hoes	Handsaws	Picks, coal
Ash pan rods	Hatchets	Pinch bars
Axes	Hose (not air brake, air signal, or steam)	Pokers
Bell cords	Hose, thaw out	Sand
Boxes, portable	Hose reels	Saws
Brooms	Ice	Scoops
Brushes	Jacks	Shovels
Buckets	Lanterns and parts	Signal lamps
Carbide for acetylene gas	Locks for portable boxes	Slice bars
Chimneys for signal lamps	Matches	Soap
Chisels	Oil cans	Switch chains
Clinker hooks	Oil for headlights	Tool boxes, portable
Crowbars	Oil for lanterns	Torches
Electric lights	Oil for signal lamps	Torpedoes
Files	Oil for torches	Waste
First aid boxes	Oilers	Water buckets
Flags	Packing	Water coolers
Fuses	Packing hooks	Wicks
Globes for lanterns	Packing spoons	Wrecking frogs
Grate shakers		Wrenches
Hammers		

NOTE A—Where the quantity of sand used on locomotives engaged in yard service is relatively small as compared with the quantity used by locomotives engaged in train service, the entire cost of such material shall be included in account No. 398, "Train locomotive other supplies". Where the quantity used in yard service is relatively large, the entire cost shall be included in this account.

NOTE B—The cost of supplies consumed by locomotives engaged in more than one class of service shall be apportioned upon the basis of service rendered. The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

388. Yard Enginehouse Expenses.

This account shall include the expense of caring for and preparing locomotives for switching service in yards where regular switching service is maintained and in terminal switching and transfer service, including a proportion of such expenses as are common to train, yard switching, and work service.

Enginehouse men—The pay of enginehouse employees engaged in wiping, cleaning, watching, and dispatching locomotives; keeping and preparing fires, dumping ashes, washing boilers, cleaning fire boxes, packing driving boxes and truck boxes; cleaning smokestacks, air brake equipment, and front ends of locomotives; checking locomotive tool equipment, cleaning ash and cinder pits; operating turntables, drying sand, inspecting smokestacks and ash pans; calling enginemen and moving locomotives around engine yards when operated by hostlers; also a proportion of the pay of enginehouse foremen and their clerks.

Miscellaneous expenses—The cost of tools, supplies, and sundry expenses on account of caring for and preparing locomotives at enginehouses.

Items of Miscellaneous Expenses

(See general instructions, section 4)

Boiled oil	Packing tools
Compounds for cleaning and polishing	Paint for front ends of locomotives
Heating enginehouses, including offices	Power for operation of turntables and transfer tables
Lampblack	Signal lights on transfer tables and turntables
Lanterns used by enginehouse men	Tools
Lighting enginehouses, including offices	Waste
Loading ashes at ash pits	Water and hose
Lubricating oil for enginehouse ash pits, transfer table and turntable machinery	Wheelbarrows
Lye	

NOTE A—Enginehouse expenses of locomotives in work service shall be included in the cost of the work to which the service pertains.

NOTE B—The pay of mechanics and labourers engaged in locomotive repair work in enginehouses shall be charged to the appropriate accounts for locomotive repairs.

389. Yard Other Expenses.

This account shall include the cost of supplies (except locomotive supplies) used in yard service, yard signal and interlocker supplies, and miscellaneous yard expenses for yards where regular switching service is maintained; also office and other expenses of employees whose pay is chargeable to accounts No. 377, "Yardmasters and clerks", No. 378, "Yard trainmen", and No. 379, "Yard switchmen".

Items of Yard Supplies and Expense

(See general instructions, section 4)

Electricity and gas purchased	Lanterns and supplies	Stoves
Electric light supplies	Lubricants for machinery and switches	Switch chains
Flags	Power produced or purchased for operating switches and signals	Telephone and telegraph service
Fuel for heating	Semaphore lamps	Waste
Furniture repairs and renewals	Signal lamps	Wrecking frogs
Lamps and supplies		Wrecking wedges

390. Operating Joint Yards and Terminals—Dr.

This account shall include the carrier's proportion of the cost incurred by others in their operation of joint yards and terminals, including signals, interlockers, and other facilities at such joint yards and terminals.

NOTE A—The purpose of this account is to show the amounts accruing against the carrier for its proportion of the cost of operating yards and terminals operated by others, and in the joint use of which the carrier participates. (See general instructions, section 14)

NOTE B—No portion of expenses chargeable by the operating carrier to accounts Nos. 392 to 403, inclusive, shall be included in this account.

391. Operating Joint Yards and Terminals—Cr.

This account shall include amounts chargeable to others as their proportions of the costs incurred by the carrier in the operation of joint yards and terminals, including signals, interlockers, and other facilities at such joint yards and terminals.

NOTE A—The purpose of this account is to show the amounts accruing in favour of the carrier and against others for their proportions of the cost of operating yards and terminals operated by the carrier and in the joint use of which others participate. (See general instructions, section 14)

NOTE B—No portion of expenses chargeable by the operating carrier to accounts Nos. 392 to 403, inclusive, shall be included in this account.

392. Train Enginemen.

This account shall include the pay of train enginemen while engaged in transportation train service or while deadheading in connection therewith and pay of such enginemen engaged in piloting trains over home lines; also the pay of employees while regularly engaged in shovelling coal forward on locomotive tenders. For purposes of this account enginemen shall be understood to include the operators and their assistants, regardless of the type of self-propelled motive power being operated.

NOTE A—The pay of enginemen on locomotives engaged in more than one class of service shall be apportioned on the basis of service rendered. Pay of enginemen on train locomotives while engaged in train switching service shall be included in this account. The pay of enginemen on locomotives engaged in work service shall be included in the cost of the work to which the service pertains.

NOTE B—The cost of shovelling coal forward on tenders when performed as an incidental service by regular section forces shall be charged to account No. 202, "Track and roadway maintenance" when the section men's time in such service amounts to four hours or less in any one work day.

394. Train Locomotive Fuel and Power.

This account shall include the cost delivered on locomotives or motor cars of coal, oil, gasoline, distillate and wood (including the cost of labour, unloading or stocking fuel) and electric and steam power purchased or produced for the propulsion of locomotives and motor cars engaged in the transportation train service.

The cost of fuel delivered on locomotives or motor cars shall include a suitable proportion of the pay of fuel agents, inspectors and weighers, clerks engaged at fuel offices, pay of fuel station employees, power station and sub-station employees and a suitable proportion of the cost of operating machinery at fuel and power stations including fuel, water, tools and other supplies and expenses.

NOTE A—The cost of repairs and renewals of coal chutes, buggies, pockets, hoists and mechanical conveyors at fuel stations shall be charged to account No. 231, "Water and fuel stations".

NOTE B—Fuel power and supplies consumed by locomotives in work-train service shall be included in the cost of the work to which the service pertains.

397. Train Locomotive Water.

This account shall include the cost of water supplied to locomotives in transportation train service, including rent of ponds, lakes, other sources of water supply, and right of way for pipe lines; cost of water purchased, expenses of supply trains while engaged in hauling water for locomotive supply and cost of testing water; also cost of labour expended and cost of material and supplies used in the operation of water stations and purifying plants.

The cost of operating boilers, engines, and pumps at water stations, heating and lighting water stations, breaking ice in water tanks, thawing out tank spouts and water cars, keeping fires in tanks and water cars to prevent freezing, shovelling snow into locomotive tanks; also temporary connections between water cars and locomotive tenders, compounds injected into locomotive boilers to decrease scale formation, and other expenses directly incident to the supplying of water to such locomotives, shall be included in this account.

An equitable proportion of the pay and the office, travelling, and other expenses of the superintendent of water service, engaged in connection with water supply for locomotives, shall be included in this account.

Items of Water Station Supplies (See general instructions, section 4)

Axes	Gasoline drums	Siphons
Boiler compounds	Hand tools	Slice bars
Chemicals	Hose	Stove fixtures
Coal	Oil	Stoves
Coal picks	Rubber packing	Waste
Engine igniter batteries	Shovels	Wrenches
Gasoline		

NOTE—The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

398. Train Locomotive Other Supplies.

This account shall include the cost of valve, engine, car, and other lubricating oils, grease, compounds, and waste used for lubrication of locomotives in transportation train service.

It shall also include the cost of supplies other than fuel and water, including the cost of repairs and renewals of furniture, tools, and other movable articles required for use on locomotives in transportation train service.

The cost of sand charged to this account shall include the cost of material and supplies used in preparing and drying the sand for use, such as the cost of fuel, wheelbarrows, shovels, and sand screens.

Items of Tools and Supplies (See general instructions, section 4)

Ash hoes	Chimneys for signal	Globes for lanterns
Ash pan rods	lamps	Grate shakers
Axes	Chisels	Hammers
Bell cords	Clinker hooks	Handsaws
Boxes, portable	Crowbars	Hatchets
Brooms	Electric lights	Hose (not air brake,
Brushes	Files	air signal, or steam)
Buckets	First aid boxes	Hose, thaw-out
Carbide for acetylene	Flags	Hose, reels
Chimneys for headlights	Fuses	Ice

Jacks	Packing, hooks	Soap
Lanterns and parts	Packing, spoons	Switch chains
Locks for portable boxes	Picks, coal	Tool boxes, portable
Matches	Pinch bars	Torches
Oil cans	Pokers	Torpedoes
Oil for headlights	Sand	Waste
Oil for lanterns	Saws	Water buckets
Oil for signal lamps	Scoops	Water coolers
Oil for torches	Shovels	Wicks
Oilers	Signal lamps	Wrecking frogs
Packing	Slice bars	Wrenches

NOTE A—Where the quantity of sand used on locomotives engaged in train service is relatively small as compared with the quantity used by locomotives engaged in yard service, the entire cost of such material shall be included in account No. 386, "Yard locomotive other supplies". Where the quantity used in train service is relatively large, the entire cost shall be included in this account.

NOTE B—The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

400. Train Enginehouse Expenses.

This account shall include the expense of caring for and preparing locomotives for transportation train service, including a proportion of such expenses as are common to train, yard switching, and work service.

Enginehouse Men—The pay of enginehouse employees engaged in wiping, cleaning, watching, and dispatching locomotives; preparing and keeping fires, dumping ashes, washing boilers, cleaning fire boxes, packing driving boxes and truck boxes; cleaning smokestacks, air brake equipment, and front ends of locomotives; checking locomotive tool equipment, cleaning ash and cinder pits; operating turntables, drying sand, inspecting smokestacks and ash pans; and moving locomotives around engine yards when operated by hostlers; also a proportion of the pay of enginehouse foremen and their clerks.

Miscellaneous Expenses—The cost of tools and supplies and sundry expenses on account of caring for and preparing locomotives at enginehouses.

Items of Miscellaneous Expenses (See general instructions, section 4)

Boiled oil	Lye
Compounds for cleaning and polishing	Packing tools
Heating enginehouses, including offices	Paint for front ends of locomotives
Lampblack	Power for operation of turntables and transfer tables
Lanterns used by enginehouse men	Signal lights on transfer tables and turntables
Lighting enginehouses, including offices	Tools
Loading ashes at ash pits	Waste
Lubricating oil	Water and hose
	Wheelbarrows

NOTE A—Enginehouse expenses of locomotives in work service shall be included in the cost of the work to which the service pertains.

NOTE B—The pay of mechanics and labourers engaged in locomotive repair work in enginehouses shall be charged to the appropriate accounts for locomotive repairs.

401. Trainmen.

This account shall include the pay of conductors; of train auditors, ticket collectors, and others engaged in lifting or examining authorities for transportation; and of baggagemen, brakemen, flagmen, train guards, train stenographers, maids, and other train employees while engaged in transportation train service or while deadheading in connection therewith; also the pay of trainmen while engaged in piloting trains over home lines.

NOTE A—The pay of trainmen while engaged in work train service shall be included in the cost of the work to which the service pertains.

NOTE B—The pay of train porters and others employed on sleeping and parlour cars shall be charged to account No. 403, "Operating sleeping and parlour cars".

402. Train Other Expenses.

This account shall include the cost of cleaning, heating, lighting, lubricating, icing, watering and air conditioning cars; the cost of detouring trains, all supplies (other than locomotive supplies) and miscellaneous items of expense in connection with transportation service trains excluding the cost of operating sleeping, parlour and dining car services.

Cleaning cars—The cost of cleaning and disinfecting passenger and freight cars in transportation train service, including cost of removing from freight train cars such refuse material as sawdust, hay, and straw.

NOTE A—The cost of interior cleaning of sleeping, parlour and dining cars shall be charged to account No. 403, "Operating sleeping, and parlour cars", or account No. 441, "Dining and buffet service", as may be appropriate.

Items of Service and Supplies (See general instructions, section 4)

Brooms	Disinfecting machines	Soap
Brushes	Fuel for heating water	Sponges
Cleaning compounds	Hose and fixtures	Vacuum machines
Compressed air	Labour of employees	Water
Disinfectants	Polishing compounds	

Heating cars—The cost of heating cars in transportation train service, including cost of operating steam heating plants for car heating at station and yards. Credits shall be made to this account for charges for heater service collected from other companies and individuals.

Items of Service and Supplies (See general instructions, section 4)

Connections between steam heating lines and cars	Labour of employees
Fuel	Removal of ashes from car stoves
	Stoves temporarily in freight cars

Lighting cars—The cost of lighting cars in transportation train service, including the cost of filling and cleaning lamps and of operating plants for supplying gas or electricity for lighting purposes.

Items of Service and Supplies (See general instructions, section 4)

Battery renewals	Electricity	Globes
Candles	Gas	Hose and connections
Chimneys	Gas mantles	Lamp bulbs

Labour of employees
Lamp carbons

Oil
Shades

Wicks

NOTE B—Repairs of gas lighting and electric lighting plants shall be included in the proper maintenance accounts. Repairs and renewals of electric lighting equipment of cars, except supplies as above provided shall be included in the appropriate car repair account.

Lubricating cars—The cost of lubricating cars in transportation train service, including cost of inspecting, repacking, and oiling car journal boxes and air brake equipment.

Items of Service and Supplies

(See general instructions, section 4)

Cotton waste
Grease buckets
Labour of employees
Oil cans

Oil, grease, and other
lubricants
Packing buckets
Packing hooks

Packing irons
Packing, miscellaneous
Wool waste

Icing and watering cars—The cost of icing and watering cars (other than dining cars) in transportation train service, but including icing all cars for refrigeration purposes. Credits shall be made to this account for refrigeration charges collected from other companies and individuals, when the expense has been included herein.

Items of Service and Supplies

(See general instructions, section 4)

Buckets
Gloves
Hose and fixtures

Ice
Ice tools
Labour of employees

Ladders
Salt
Water

Air conditioning cars—The cost of ice, chemicals, other supplies and labour expended in operating train cooling and air conditioning equipment including charging batteries.

Detouring trains—The compensation for temporary use of tracks of other carriers, including the cost of pilot service, on account of wrecks, washouts, landslides, snow blockades, and other defects of the tracks, bridges, or tunnels on the carrier's line.

Train supplies—The cost of supplies furnished for use on cars in transportation train service.

Items of Train Supplies

(See general instructions, section 4)

Badges
Beds
Bell cords
Boxes for trainmen
Brooms
Brushes
Chains
Chairs for cabooses (not permanently attached)
Cuspidors
Drinking cups and glasses
Fire buckets
Flags
Fuses

Lampsticks
Lantern globes
Lantern parts
Lanterns
Matches
Medical boxes
Oil for lanterns
Padlocks
Pails
Pallets
Punches
Sawdust
Signal boxes
Signal lamps (rear)

Soap
Switch chains
Toilet paper
Tools
Torpedoes
Towels
Train tool boxes
Uniform trimmings
Uniforms
Ventilator stocks
Waste
Water buckets
Wrecking frogs

Other expenses—The cost of miscellaneous supplies required to equip trains for transportation service and miscellaneous expenses incident to operation of such trains.

Items of Expense on Account of Employees

(See general instructions, section 4)

Apparatus for testing the sight and hearing of enginemen and trainmen.

Employees' reading and bunk room expense, including pay of attendants and supplies furnished.

Laundry work.

Physicians' fees for examination of train employees.

Wages paid to superintendents and secretaries of reading rooms.

Items of Expense on Account of Transportation

(See general instructions, section 4)

Bedding for stock cars.

Boarding and slatting box and stock cars for carrying coal, coke and other freight.

Boards for flooring fruit cars.

Chains for securing loads.

Cleaning, trimming, and filling trainmen's lanterns and rear signal lamps.

Coupling and uncoupling cars at terminals.

Disinfecting cars.

Dunnage used in loading cars or fitting cars for freight shipments.

Feed for livestock in snow-bound or otherwise delayed trains.

Flowers and plants for cars.

Laundry for revenue service cars other than for dining and buffet service and sleeping and parlour car service.

Occasional turning of engines on Y of other carriers.

Oil and other supplies for locomotives hauled as freight.

Periodicals for use of passengers on trains.

Planking cars for billet shipments and other material.

Provisions, supplies, or board for passengers in delayed trains.

Removing advertisements from cars.

Rent of fare registers in cars.

Safety chains for use between twin and triple cars.

Supplies furnished cars for the purpose of protection against accidents and fires.

Temporary grain doors.

Temporary lining of cars for freight shipments and stoves and heaters to prevent freezing.

Temporary openings in cars for freight shipments.

Temporary packing of cars for handling sugar cane, corn, bark, or cordwood.

Transferring passengers, express matter, baggage, mail, and freight on account of defective tracks, bridges, or tunnels.

NOTE C—The expenses of operating sleeping, parlour, dining and buffet car features of transportation train service shall be included in account No. 403, "Operating sleeping and parlour cars" or in account No. 441, "Dining and buffet service", as may be appropriate, except that this account "Train other expenses" shall include the cost of heating, air conditioning, lighting, exterior cleaning for these services and all other items common to all passenger equipment, also the cost of ice and water for sleeping and parlour cars, but not for dining cars.

403. Operating Sleeping and Parlour Cars.

A. This account shall include the cost of operating sleeping and parlour car service on trains. It shall include:

Superintendence—The pay of officers directly in charge of operating sleeping and parlour car service; the pay of their clerks and office attendants; also the office, travelling, and other expenses of such officers and employees.

Station Employees—The pay and expenses of local agents, clerks, and attendants; also the office and other expenses of such employees. (See note C)

Station Expenses—The expenses of fuel, water, steam and supplies used in heating station offices; gas, oil, electric current, and other supplies for lighting; repairs and renewals of station furniture, and all other station expenses connected with sleeping and parlour car service when separable from the station expenses chargeable to account No. 376, "Station expenses".

Conductors—The pay of conductors employed on sleeping and parlour cars.

Porters and Maids—The pay of porters and maids employed on sleeping and parlour cars.

Car Supplies—The cost of renewing bedding, linen, pillows, mattresses, curtains and fixtures and cushions; the cost of miscellaneous supplies used on sleeping and parlour cars, such as combs, brushes, brooms, and toilet paper, also uniforms, caps, and service stripes for employees.

Laundry—Expenses for laundry work, such as laundering sheets, pillow-cases, towels, blankets, etc.

Other Expenses—The cost of books and periodicals, cleaning the interior of cars, and of supplies used in interior cleaning, rent and cost of supplies for rooms furnished for sleeping and parlour car service employees, and such other expenses in connection with the operation of sleeping and parlour cars as are not provided for elsewhere.

B. This account shall be charged with the deficits assumed by the carrier under a uniform service contract with the Pullman Company, and shall be credited with the carrier's proportion of profits realized under that contract. It is intended that such charges and credits to this account shall include the entire settlement made by the lessee, except allowances for interest rental and depreciation, and that the results of incidental operation of cars other than sleeping cars will not be excluded from the settlements to be recorded herein.

NOTE A—When officers have immediate supervision over sleeping and parlour car service and other operations, their pay, office, and other expenses, as also the pay, office, and other expenses of their assistants, clerks, and office attendants, shall be equitably apportioned to the accounts appropriate to the operations over which they have supervision.

NOTE B—The cost of ice and water and of heating, air conditioning, lighting and exterior cleaning of sleeping and parlour cars shall be included in account No. 402, "Train other expenses".

NOTE C—The pay of ticket agents and clerks selling sleeping and parlour car tickets and arranging reservations shall be included in account No. 373, "Station employees". The expenses of such agents and clerks shall be included in account No. 376, "Station expenses".

404. Signal Operation.

This account shall include the cost of operating signals and interlockers other than those solely or principally used for governing all movements of locomotives and trains between main and yard tracks, movement of locomotives between yard tracks and enginehouses, and yard switching movements.

Labour—The wages of employees engaged in operating signals and interlockers or power producing plants in connection therewith, such as signalmen (other than station telegraph operators), lever men, switch tenders, switch and signal oilers, battery men, lamp men, lamp cleaners and lamp lighters, gatemen at crossings of other railroads, engineers and others operating plants furnishing compressed air for signals and interlockers, engineers, electricians, and others operating plants furnishing electric power for signals and interlockers.

Supplies—The cost of supplies used in operating signals and interlockers or in signal offices, such as gasoline, vitriol, battery zincs, battery coppers, lubricating oils, fuel for heating, fuel for power purposes, produced and purchased power used in operating signals, furniture repairs and renewals, water and light.

NOTE A—This account shall include the pay and expenses of operators engaged at signal and interlocking plants but who also perform duties in connection with dispatching of trains, but shall not include the pay and expenses of station agents and telegraphers operating signals and interlockers where such operations are incidental to their regular station duties.

NOTE B—The cost of supplies for yard signals and interlockers shall be included in account No. 389, "Yard other expenses".

405. Crossing Protection.

This account shall include the pay of street and highway crossing gatekeepers and flagmen, the cost of supplies used by them, the cost of lights at street and highway crossings not a part of the lighting outfit at stations or in yards, and the cost of compressed air for operating gates.

406. Drawbridge Operation.

This account shall include the cost of operating drawbridges.

Labour—The wages of employees engaged in operating drawbridges such as bridge engineers, tenders and watchmen.

Supplies—The cost of produced and purchased power and the cost of supplies such as fuel, oil, lanterns, waste, stoves, chairs, brooms and pails used in drawbridge operation.

407. Rail Communication System Operation.

This account shall include the cost to the carrier of operating telegraph, telephone and radio and communication systems, which pertain to the railway's rail operations.

Details of expense—The pay, travelling and office expenses including office rent of superintendents, their clerks and attendants also operators and inspectors; the cost of battery renewals and supplies, payment for electric current, amounts payable to others for rent of conduits, lines, poles and other facilities.

NOTE A—The pay of operators who also perform station work shall be apportioned among accounts No. 372, "Dispatching", No. 373, "Station employees", No. 404, "Signal operation", commercial communications operations account No. 481, "Communications conducting operations", and this account as may be appropriate.

NOTE B—Cost of operating the commercial communications system shall not be included in this account but shall be included in commercial communications operations account No. 481, "Communications conducting operations" in order that the carrier can prepare the separate departmental operating report referred to in general instructions, section 10(c).

408. Operating Vessels.

This account shall include the cost of operating vessels in water transfer service (ferriage, lighterage, and floatage). (See general instructions, section 10)

Superintendence—The pay of officers directly in charge of water transfer operations, the pay of their assistants, clerks, and attendants; also the office, travelling, and other expenses of such officers and their employees.

Wages of crews—The pay of captains, pilots, chief officers, mates, sailors, wireless telegraph operators, and other employees of the deck department; engineers, assistant engineers, electricians, oilers, firemen, coal passers, and all other employees of the engineer's departments and pursers, porters, and all other employees in the steward's department.

Fuel—The cost, on board vessels (including the cost of trimming) of coal, oil, wood, and other fuel used for generating power, heat, or light.

Lubrication—The cost of oil, grease, tallow, graphite, and other material furnished for lubricating purposes.

Other supplies and departmental expenses—The cost of supplies furnished to deck department; the incidental expenses of deck department employees; supplies other than fuel and lubricants, furnished the engineer's department; water furnished; incidental expenses of engineer's department employees; supplies (other than dining and buffet supplies) furnished to the steward's department; laundry for floating equipment; and incidental expenses of steward's department employees.

Items of Supplies

(See general instructions, section 4)

Brooms	Ice	Ropes
Brushes	Lamps	Soap
Commissarial supplies	Laundry	Tallow
Flags	Lines	Tools
Gas	Mops	Trucks
Globes	Oil	Waste
Grease	Pails	Water
Hose	Planks	Wicks
	Provisions	

Other expenses—Expenses incident to the operation of vessels not otherwise provided for in this account.

Items of Expense

(See general instructions, section 4)

Customhouse fees	Transferring passengers in case of
Licence fees	accidents
Pumping out floating equipment laid up	Wharfage
Raising sunken ships or barges	

Elevation and longshore labour—The cost of shore labour in connection with loading and unloading lighterage freight at wharves and piers, such as labour of bridgemen at transfer bridges and of watchmen, longshoremen, stevedores, and other wharf men.

Elevation and shore expenses—Shore expenses in connection with loading and unloading lighterage freight, such as the cost of steam and electricity for power, heating, and lighting; power and supplies used for transfer or float bridges; supplies used in connection with operating wharves and piers and not chargeable to account No. 376, "Station expenses".

Items of Supplies

(See general instructions, section 4)

Brooms	Lights	Tacks
Carbons	Marline	Tallow
Chalk	Matches	Tools
Coal hods	Oil	Torches
Gas	Oil cans	Towels
Ice	Pails	Twine
Ice tongs	Ropes	Waste
Lamps, reflector	Salt	Water
Lanterns	Soap	Water coolers
		Wheelbarrows

NOTE A—When the compensation for the use of vessels used in water transfer service includes rent, maintenance, and operation, the portion covering rent shall be charged to account No. 463, "Rent for equipment—Dr.", the portion covering maintenance shall be charged to the appropriate account for equipment maintenance, and the portion covering operation shall be included in this account.

NOTE B—This account shall not include the pay of station employees or labour engaged in handling freight at stations, wharves, and piers provided for under account No. 373, "Station employees", or the pay of employees or labour provided for under account No. 375, "Coal and ore wharves".

NOTE C—The pay and expenses of officers and crews retained during lay-up periods to perform maintenance work shall be charged to account No. 323, "Vessels".

410. Stationery.

This account shall include the cost of stationery, printing and office appliances used in connection with rail line transportation, including operation of vessels.

Stationery Items

(See general instructions, section 4)

Adding machines	Cross section paper	Mimeographs
Addressographs and supplies	Cyclostyles	Mucilage
Baggage checks, printed	Dating stamps and ribbons	Mucilage brushes
Baggage storage checks	Delivery tickets	Neostyles
Bills of lading	Dictaphones	Note paper
Binders	Dictographs	Notices
Blank books	Drawing paper	Numbering stamps
Blotting paper	Duplicators	Oil paper
Blueprint paper	Electric pens	Paper
Bristol board	Envelopes	Paper baskets
Calculating machines	Erasers	Paper clips
Calendars	File boxes	Paper cutters
Carbon paper	Forms, blank and printed	Paper fasteners
Cardboard	Fuel tickets	Paper files
Cards, blank and printed	Glass pens	Paper weights
Circulars	Hectographs	Pencil sharpeners
Computing tables	Indexes	Pencils
Conductors' hat checks	Ink	Penholders
Copy (impression) books	Inkstands	Pens
Copying brushes	Invoice books	Pins
Copying presses	Legal cap paper	Postage
Crayons	Letter paper	Punches (not conductors' or baggagemen's)
Cross section books	Manifold paper	Rubber bands
	Manifold pens	

Rubber stamps	Sponges	Tracing cloth
Rulers	Stamps, impression	Tracing paper
Ruling pens	Stamp pads	Twine
Scrapbooks	Stylographs	Typewriters and ribbons
Sealing wax	Tablets, blank and printed	Wage tables
Seals	Tape	Wastebaskets
Shears	Telegraph blanks	Water colors
Shipping orders	Ticket stamps	Water holders
Shipping tags	Tickets	Waybills
Shorthand notebooks	Time tables (employees)	Wrapping paper
Sponge cups	Tissue (impression) paper	Wringers for copying presses

NOTE—The cost of dictionaries, periodicals, technical books, etc., shall be included in appropriate superintendence accounts, and city directories and books of reference used by station agents shall be charged to account No. 376, "Station expenses".

411. Other Expenses.

This account shall include all expenses in connection with rail line transportation not properly chargeable to other transportation accounts.

Items of Expense

(See general instructions, section 4)

- Amounts paid for switching empty cars otherwise than in connection with loaded movements or with the repairs to the equipment.
- Amounts paid on account of bills of lading issued on fraudulent receipts.
- Amounts paid to suspended transportation department employees covering periods of suspension.
- Compensation for loss incident to failure to stop at station to pick up passengers.
- Demurrage accruing on a foreign line by reason of error of carrier's agent.
- Extra drayage due to agent's error in routing interline shipment.
- Fees paid arbitrators in wage disputes of transportation department employees.
- Loss of station funds by burglary, fire or defalcation when not covered by insurance.
- Loss of train collections in holdup.
- Overcharges paid foreign lines on account of error of the carrier's agent in routing and billing.
- Pay and expenses of transportation department employees attending conferences with officers in connection with wage disputes.
- Payments for switching on account of cars not passing inspection at junction points.
- Penalties imposed under reciprocal demurrage laws for failure to furnish cars.
- Penalty switching payments on account of improper delivery of cars to other carriers.

NOTE—Payments to transportation employees for periods of vacation shall be charged to the account to which the major portion of their pay is ordinarily distributed.

412. Operating Joint Facilities—Dr.

This account shall include the carrier's proportion of the transportation expenses incurred by others in the operation of joint tracks, interlockers, and other facilities which are not provided for in account No. 390, "Operating joint yards and terminals—Dr.".

NOTE A—The purpose of this account is to show the amount accruing against the carrier for its proportion of the cost of operating tracks and facilities (other than at joint yards and terminals) operated by others and in the joint use of which the carrier participates. (See general instructions, section 14)

NOTE B—No portion of expenses chargeable by the operating carrier to accounts Nos. 392 to 403, inclusive, shall be included in this account.

413. Operating Joint Facilities—Cr.

This account shall include amounts chargeable to others as their proportions of transportation expenses incurred by the carrier in the operation of joint tracks, interlockers, and other facilities which are not provided for in account No. 391, "Operating joint yards and terminals—Cr."

NOTE A—The purpose of this account is to show the amounts accruing in favour of the carrier and against others for their proportions of the cost of operating tracks and facilities (other than at joint yards and terminals) operated by the carrier and in the joint use of which other participate. (See general instruction, section 14)

NOTE B—No portion of expenses chargeable by the operating carrier to accounts Nos. 392 to 403, inclusive, shall be included in this account.

414. Insurance.

This account shall include premiums, except reinsurance premiums, for insuring the carrier against loss through injuries to persons or damage to or destruction or loss of property, whether caused by fire, accident, or other cause, when such loss to the carrier would be chargeable to Transportation—Railway Line; also premiums on fidelity bonds of employees whose pay is chargeable to Transportation—Railway Line. (See general instructions, section 13)

NOTE—The premiums paid by the carrier to its insurance fund shall be credited to an insurance reserve account, to which account shall be charged the amount of all claims for injuries to persons and damage to the property covered by its insurance. To such account shall also be charged all reinsurance premiums paid to insurance companies and an equitable proportion of the expenses of operating the insurance department of the carrier and to it shall be credited all amounts recovered from insurance companies for damage to property reinsured by them.

415. Clearing Wrecks.

This account shall include the cost of clearing wrecks other than wrecks of work trains.

Labour—The wages of employees while engaged in connection with wrecking service, loading, and transferring contents of wrecked cars, building temporary tracks around wrecks, and removing such tracks.

Train service—The cost of train service in connection with replacing wrecked equipment upon the tracks and transporting such equipment to shops for repairs, including amounts paid to other companies for service of locomotives, derricks, and other equipment and for wages of crews in wrecking service.

Other supplies and expenses—Payments for reloading or transferring freight, express, baggage, and mail; transferring passengers, and cost of provisions or board for men clearing up or watching at wrecks.

NOTE A—Expenses of clearing wrecks of work trains shall be included in the cost of the work in connection with which the wrecked train was engaged.

NOTE B—The cost of restoring roadbed and tracks to original condition after wrecks and the cost of repairing equipment damaged or destroyed by wrecks shall be charged to the appropriate accounts for road, maintenance and equipment maintenance.

NOTE C—That proportion of payments to other companies for use of locomotives, derricks, and other equipment in wrecking service which represents rent shall be included in the income accounts.

416. Damage to Property.

This account shall include payments and expenses on account of damage to the property of others, whether by fire, collision, flood or other cause, with the exception of payments and expenses on account of damage to property entrusted to the carrier for transportation. It shall include damage to livestock on right of way and also compensation paid for interference with the business of others such as by detention of vessels at drawbridges or by blocking streets.

This account shall include also the pay and expenses of employees and others engaged as claims adjusters or as witnesses in lawsuits in connection with damage to property and livestock cases, or engaged in detection of thieves; notarial fees paid in connection with such cases; and payments for or repairs of damage to equipment of other carriers, or to property contained therein, such carriers having trackage rights upon, or grade crossing over, the carrier's tracks.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, except that it is not required to anticipate items which would not appreciably affect the account.

NOTE A—Damage to freight and baggage intrusted for transportation is provided for under account No. 418, "Loss and damage—freight", and account No. 419, "Loss and damage—baggage".

NOTE B—Expenses incident to suits growing out of damage to property claims, not otherwise provided for, shall be included in account No. 454, "Law expenses".

NOTE C—The pay, office rent, and the travelling, office, and other expenses of claim adjusters, claim clerks, and others engaged in claim matters when not accurately assignable to a distinct class of claims, shall be apportioned equitably among the several classes of claims over which they have jurisdiction or in connection with which they are engaged. This provision does not apply to the pay and expenses of general officers or general office employees whose pay is includible in general account VI, General.

418. Loss and Damage—Freight.

This account shall include payments and expenses on account of loss, destruction, damage, or delays to revenue freight shipments, including locomotives and cars transported as freight, express matter, milk shipments, and livestock, and expenses incurred on account of such payments; also expenses on account of loss, destruction, or damage to shipments of company material.

This account shall also include the cost of repacking and boxing damaged freight shipments; notarial fees in connection with freight claims; freight charges paid other carriers on lost, destroyed, or damaged shipments; pay, travelling, office and other expenses of employees or others engaged as freight claim adjusters, as witnesses in lawsuits in connection with freight claim cases, in selling damaged and unclaimed shipments, or in detecting thieves; rent of warehouses used for storage of damaged and astray freight shipments, payments for storage of such shipments in public warehouses, and interest and penalties assessed for non payment of freight claims.

Amounts received from the sale of astray and damaged freight shall be credited to this account.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, except that it is not required to anticipate items which would not appreciably affect the account.

NOTE A—Expenses incident to suits growing out of loss and damage (freight) claims, not otherwise provided for, shall be included in account No. 454, "Law expenses".

NOTE B—The pay, office rent, and travelling, office, and other expenses of claim adjusters, claim clerks, and others engaged in claim matters when not accurately assignable to a distinct class of claims shall be apportioned equitably among the several classes of claims over which they have jurisdiction or in connection with which they are engaged. This provision does not apply to the pay and expenses of general officers or general office employees whose pay is includible in general account VI, General.

419. Loss and Damage—Baggage.

This account shall include payments for loss, destruction, damage, or delays to baggage or other personal property carried as baggage, and to passengers' automobiles carried under passenger tariffs, and damage to personal apparel; also expenses on account of such loss or damage.

This account shall also include the cost of repacking and boxing damaged baggage; notarial fees in connection with such claims; claim payments made to other carriers on lost, destroyed, damaged, or delayed shipments; pay, traveling, office and other expenses of employees or others engaged as claim adjusters, as witnesses in lawsuits in connection with claim cases, in selling damaged and unclaimed baggage or in detecting thieves; rent of warehouses used exclusively for storage of damaged and unclaimed baggage, payments for storage of such shipments in public warehouses, and interest and penalties assessed for non payment of claims.

Amounts received from the sale of astray and damaged baggage shall be credited to this account.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, except that it is not required to anticipate items which would not appreciably affect the account.

NOTE A—Expenses incident to suits growing out of loss and damage claims, not otherwise provided for, shall be included in account No. 454, "Law expenses".

NOTE B—The pay, office rent, and travelling, office, and other expenses of claim adjusters, claim clerks, and others engaged in claim matters when not accurately assignable to a distinct class of claims shall be apportioned equitably among the several classes of claims over which they have jurisdiction or in connection with which they are engaged. This provision does not apply to the pay and expenses of general officers or general office employees whose pay is includible in general account VI, General.

NOTE C—When a payment on account of injuries to passengers includes allowance for damage to personal apparel the damage allowance shall be included in this account when separable; otherwise in the appropriate personal injury account.

420. Injuries to Persons.

This account shall include expenses on account of injuries to persons which occur directly in connection with transportation service, including damages for ejectment of passengers.

Services of employees and others called in consultation in relation to claim adjustments; pay and expenses of employees while engaged as witnesses at inquests and lawsuits, and a suitable proportion of donations made to hospitals, shall be included in this account.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, and the amounts assessed under the provisions of any act of the Parliament of Canada or of provincial legislature providing for compensation to workmen for injuries. (The carrier is not required to anticipate items which would not appreciably affect the account.)

Items of Expense

(See general instructions, section 4)

Ambulance service	Hospital attendance
Artificial limbs	Medical and surgical services and supplies
Claim adjusters' and clerks' services	Notarial fees
Claim adjusters' office expenses	Nursing
Compensation for injuries or death	Railway transportation
Final judgments, including plaintiffs' court costs	Undertakers' services and supplies
Funeral expenses	Witnesses' fees and expenses at inquests and lawsuits

NOTE A—Expenses incident to personal injury suits, not otherwise provided for, shall be included in account No. 454, "Law expenses".

NOTE B—Amounts donated by a carrier to hospitals shall be distributed 25 per cent to account No. 274, "Injuries to persons"; 25 per cent to account No. 332, "Injuries to persons"; and 50 per cent to account No. 420, "Injuries to persons".

NOTE C—The pay, office rent, and travelling, office, and other expenses of claim adjusters, claim clerks, and others engaged in claim matters when not accurately assignable to a distinct class of claims, shall be apportioned equitably among the several classes of claims over which they have jurisdiction or in connection with which they are engaged. This provision does not apply to the pay and expenses of general officers or general office employees whose pay is includible in general account VI, General.

NOTE D—When a payment on account of injuries to persons includes allowances for damage to personal apparel, the damage allowance shall be included in account No. 419, "Loss and damage—baggage" when separable; otherwise the entire payment shall be included in this account.

V. MISCELLANEOUS RAILWAY OPERATIONS.

The primary accounts included in this general account are designed to show the expenses incurred in operations incidental to railway transportation service. (See general instructions, section 10)

Expenses of express, commercial communications and highway transport business classified as rail are to be included in the separate general and primary accounts provided for such business. (See general instructions, section 10)

441. Dining and Buffet Service.

This account shall include the cost of operating dining and buffet service on trains. It shall include:

Superintendence—The pay of officers directly in charge of operating dining and buffet service; the pay of their assistants, clerks, and office attendants; also the office, travelling, and other expenses of such officers and their employees.

Commissarial employees—The pay of storekeepers, assistant storekeepers, clerks, porters, and other employees in commissarial supply depots and storehouses.

Stewards—The pay of stewards or conductors employed on dining and buffet cars.

Cooks and waiters—The pay of cooks, waiters, and assistants on dining and buffet cars.

Fuel and supplies—The cost of fuel for cooking purposes; of provisions, such as meats, groceries, vegetables, fish, table waters, ice, etc.; bar supplies, such as wines, liquors, beers, ales, etc.; cost of licences; and cost of cigars, cigarettes, and tobacco.

Renewals—The cost of renewing table china, glassware, linen, silver and kitchen utensils.

Laundry—Expenses for laundry work, such as laundering tablecloths, napkins, aprons, etc.

Stationery and printing—The cost of stationery and printing used in connection with dining and buffet service.

Other expenses—The cost of flowers and plants; cleaning the interior of cars; rent and cost of supplies for rooms furnished for dining and buffet service employees; and such other expenses in connection with the operation of dining and buffet service as are not provided for elsewhere.

NOTE A—When meals are supplied by the dining and buffet service to the news department the price of such meals shall be credited to this account.

NOTE B—When officers have immediate supervision over dining and buffet service and other operations, their pay, office, and other expenses, as also the pay, office, and other expenses of their assistants, clerks, and office attendants, shall be equitably apportioned to the accounts appropriate to the operations over which they have supervision.

NOTE C—The cost of heating, air conditioning, lighting and exterior cleaning of dining and buffet cars shall be included in account No. 402, "Train other expenses".

442. News Service and Restaurants.

This account shall include the cost of operating news services on trains and news stands, restaurants and lunch counters at stations, when such services are operated by the carrier. It shall include:

Supervision—The pay of officers directly in charge of operating news services, news stands, restaurants and lunch counters; pay of their clerks and office attendants; also the office, travelling and other expenses of such officers.

Employees—The pay of news agents, news stand attendants, stewards, storekeepers, checkers, chefs, cooks, kitchen help, hat and cloak attendants, waiters, waitresses and other employees engaged in operating news services, news stands, restaurants and lunch counters.

Supplies—The cost of newspapers, periodicals, tobaccos, soft drinks, fruits, candies and lunches; the cost of fuel for cooking and heating purposes; provisions, such as meats, groceries, vegetables, fish, table waters, ice, etc., bar supplies such as wines, liquors, beers, ales, etc., and miscellaneous supplies for operating the services.

Other expenses—The cost of lighting, heating, licenses, stationery and other items of expense not otherwise provided for in this account.

NOTE A—When officers have immediate supervision over news services, news stands, restaurants and lunch counters and other operations, their pay, office and other expenses, as also the pay, office and other expenses of their assistants, clerks and office attendants, shall be apportioned to the accounts appropriate to the operations over which they have supervision.

NOTE B—When news and restaurant services are operated by individuals or companies other than the carrier, the revenues accruing to the carrier shall be included in revenue account No. 133, "Station, train and boat privileges".

NOTE C—This account shall not include the expenses of restaurants which are entirely distinct from the carrier's transportation plant and the cost of which is included in account No. 705NR, "Non-rail property".

443. Grain Elevators.

This account shall include the cost of operating grain elevators other than small elevators which are classed as station facilities. It shall include:

Superintendence—The pay of officers directly in charge of grain elevator service; the pay of their assistants, clerks, and office attendants; also the office, travelling, and other expenses of such officers and their employees.

Employees—The pay of engineers, firemen, foremen, machine men, oilers, millwrights, carpenters, trimmers, weighers, spout men, sweepers, labourers, watchmen, and all other employees engaged in operating grain elevators.

Fuel and supplies—The cost of fuel for power, heating, and lighting plants; power for heating, lighting, and operating machinery; and water, ice, oil, waste and other supplies for operating such property.

Stationery and printing—The cost of stationery and printing used in connection with the operation of grain elevators.

Other expenses—The cost of grain used to make up shortage in elevators; rent for and repairs of rented offices; and other expenses not otherwise provided for in this account.

NOTE—When officers have immediate supervision over grain elevators and other operations their pay, office, and other expenses, also the pay, office, and other expenses of their assistants, clerks, and office attendants, shall be equitably apportioned to the accounts appropriate to the operations over which they have supervision.

446. Other Operations.

This account shall include the cost of operating facilities, such as stockyards, cold storage plants, ice supply plants and power plants for the production of power sold, when the cost of the facilities is includible in the road and equipment accounts and they are operated as an integral part of the rail transportation service of the carrier. (See general instructions, section 15)

NOTE A—When officers have immediate supervision over other incidental service and other operations, their pay, office and other expenses, as also the pay, office and other expenses of their assistants, clerks and office attendants, shall be apportioned to the accounts appropriate to the operations over which they have supervision.

NOTE B—The cost of operating small stockyards and pens at stations shall be included in account No. 373, "Station employees", and account No. 376, "Station expenses", as may be appropriate.

NOTE C—When stockyards, storage plants and similar facilities are operated primarily as a service to the public and not as an integral part of the rail transportation service of the carrier, the cost of operating such facilities shall be charged to account No. 534NR, "Non-rail property expenses".

447. Operating Joint Miscellaneous Facilities—Dr.

This account shall include the carrier's proportion of such costs as are incurred by others in their operation of joint facilities which are chargeable by them to accounts No. 442, "News service and restaurants", No. 443, "Grain elevators", or No. 446, "Other operations". (See general instructions, section 14)

448. Operating Joint Miscellaneous Facilities—Cr.

This account shall include amounts chargeable to others as their proportions of such costs as are incurred by the carrier in its operation of joint facilities which are chargeable by it to accounts No. 442, "News service and restaurants", No. 443, "Grain elevators", or No. 446, "Other operations". (See general instructions, section 14)

VI. GENERAL.

The primary accounts included in this general account are designed to show the expenses incurred of a general character not chargeable to the preceding general accounts, such as those for general administration and accounting, and those of the financial, law, real estate, tax, and claim departments. Where both rail and non-rail business is supervised by officers and employees, the carrier shall use its best judgment in determining and transferring an appropriate proportion of the expenses, which would normally have been charged in this section of the rail accounts, to the non-rail accounts referred to elsewhere in this classification.

Expenses of express, commercial communications and highway transport business classified as rail are to be included in the separate general and primary accounts provided for such business. (See general instructions, section 10)

451. General Officers.

This account shall include:

Salaries—The pay of all general officers not otherwise provided for, including salaries and fees of receivers and commissions paid to general officers in lieu of salaries.

List of Officers

(See general instructions, section 4)

Chairman of the Board	Auditors, general and departmental
President	Chief of personnel
Vice-president	Chief medical officer
Secretary	Freight claim agent
Transfer agent	Chief accountant
Treasurer	Real estate agent
Local treasurer	Tax commissioner
Comptroller	Assistants to the officers aforelisted

Expenses—The travelling and other expenses of officers whose pay is included in this account, including supplies for business cars used by them, cost of running official trains for them and cost of membership fees and dues in railway and other associations.

NOTE A—When officers' duties are restricted to a single department, their salaries and expenses shall be charged to that department in the accounts for superintendence or for law expenses, as may be appropriate. When officers have immediate supervision over more than one department, their salaries and expenses shall be apportioned equitably among the departments over which they have jurisdiction.

NOTE B—The pay and expenses of the purchasing agent, assistant purchasing agent, assistant to purchasing agent, general storekeeper, division storekeeper, their clerks and attendants, shall be charged through clearing accounts “Material store expenses” and “Stationery store expenses”, or material account “Fuel”, as may be appropriate.

NOTE C—The pay and expenses of officers engaged in operations classified as non-rail shall not be included in this account but charged to account No. 534NR, “Non-rail property expenses”.

452. Clerks and Attendants.

This account shall include the pay and expenses of clerks and attendants of the officers whose salaries are includible in account No. 451, “General officers”.

Pay of clerks—The pay of persons employed in accounting and clerical service.

List of Employees

(See general instructions, section 4)

Accountants	Inspectors	Stenographers
Cashiers	Mail clerks	Travelling accountants
Chief clerks	Paymasters	Travelling auditors
Clerks		

Pay of attendants—The pay of persons employed in attendance at general offices and on business cars.

List of Employees

(See general instructions, section 4)

Chauffeurs	Janitors	Telegraph operators
Cleaners	Messengers	Telephone operators
Cooks	Porters	Waiters
Elevator operators	Superintendent of general office building	Watchmen
Engineers		
Firemen		

Expenses—The travelling and other expenses of employees designated above, including the cost of supplies for business cars and cost of running official trains for them.

NOTE— The pay and expenses of clerks and attendants of officers engaged in operations classified as non-rail shall not be included in this account but charged to account No. 534NR, “Non-rail property expenses”.

453. Office Expenses.

This account shall include the office expenses of officers designated in account No. 451, “General officers”.

Items of Expense and Supplies

(See general instructions, section 4)

Alterations of partitions and fixtures in general offices	Furniture repairs and renewals	Rent of tabulating machines
Atlases and maps	Heating	Repairs of rented general offices
Books for office use	Lighting	Reports of commercial standings
Cable tolls	Local messenger service	Service of automobiles
Cleaning	Periodicals and newspapers	Telegraph service
Express charges	Physical examination of general office employees	Telephone service
	Rent of general offices	Watchmen service

NOTE A—The proportion of general office expenses occasioned by the law department shall be included in account No. 454, "Law expenses".

NOTE B—The general office expenses of officers engaged in operations classified as non-rail shall not be included in this account but charged to account No. 534NR, "Non-rail property expenses".

454. Law Expenses.

This account shall include the pay and the office and other expenses, when not provided for elsewhere, of officers and employees of the law department, the cost of suits, and the payments of special law fees.

List of Officers and Employees
(See general instructions, section 4)

General counsel	Special counsel
General solicitor	Chief clerks
Commission counsel	Clerks
Assistant counsel	Office attendants
Solicitor	Stenographers

Items of Expense and Supplies
(See general instructions, section 4)

Arbitrators' services in settlement of disputed questions	Membership fees and dues in associations to protect carriers against litigation in respect to patents
Cost of taking depositions	Membership fees and dues in law associa- tions
Cost of testimony	Notarial fees not provided for elsewhere
Cost of suits	Office expenses
Court bonds	Printing of briefs, testimony, and reports
Court expenses	Proportion of general office expenses
Drawing and recording agreements	Rent of offices
Fees and retainers of attorneys (not regular employees)	Special fees
Law books	Telegraph service
Legal forms	Telephone service
Legal reports	Travelling expenses
	Witness fees not provided for elsewhere

455. Insurance.

This account shall include premiums, except reinsurance premiums, for insuring the carrier against loss, through injuries to persons or damage to or destruction or loss of property, whether caused by fire, accident, or other cause, when such loss to the carrier would be chargeable to general account VI, General; also premiums on fidelity bonds of officers and employees whose pay is chargeable to general account VI, General. (See general instructions, section 13)

NOTE—The premiums paid by the carrier to its insurance fund shall be credited to an insurance account, to which account shall be charged the amount of all claims for injuries to persons and damages to the property covered by its insurance. To such account shall also be charged all reinsurance premiums paid to insurance companies and an equitable proportion of the expenses of operating the insurance department of the carrier and to it shall be credited all amounts recovered from insurance companies for damage to the property reinsured by them.

457. Pensions.

This account shall include the carrier's contribution in respect of past and current services of employees.

When the carrier has instituted a pension trust fund, the aforementioned pension contribution by the carrier shall be transferred to the fund. When the carrier has not instituted such a trust fund, such pension contribution shall be credited to account No. 769, "Pension and welfare reserves".

It shall also include pensions paid currently to retired employees, where such are borne by the carrier and not chargeable to the pension trust funds or pension and welfare reserves. It shall further include gratuities paid to the families or heirs of employees, amounts paid currently to trustees to provide annuities for retired employees, and other similar items.

The expenses incurred by the carrier in connection with the administration of pensions shall be charged to this account when such expenses are borne by the carrier and not by the pension trust fund.

NOTE A—Pension payments otherwise chargeable to this account, in respect of employees previously engaged in non-rail operations, shall be included in account No. 534NR, "Non-rail property expenses".

NOTE B—Where cash and securities are appropriated by the carrier to a special fund for the purpose of maintaining pension payments, such fund shall be carried in account No. 721, "Insurance and other funds".

458. Stationery.

This account shall include the cost of stationery, printing and office appliances used in general offices and not chargeable to other accounts, including the cost of printing annual reports, bonds, contracts, leases, stock certificates, and passes.

Stationery Items

(See general instructions, section 4)

Adding machines	Erasers	Paper weights
Addressographs and supplies	File boxes	Passes
Binders	Forms, blank and printed	Pay checks
Blank books	Glass pens	Pencil sharpeners
Blotting paper	Hectographs	Pencils
Blueprint paper	Indexes	Penholders
Bristol board	Ink	Pens
Calculating machines	Inkstands	Pins
Calendars	Invoice books	Postage
Carbon paper	Legal cap paper	Punches (not conductors' or baggagemen's)
Cardboard	Letter paper	Rubber bands
Cards, blank and printed	Manifold paper	Rubber stamps
Circulars	Manifold pens	Rulers
Computing tables	Mimeographs	Ruling pens
Copy (impression) books	Mucilage	Scrapbooks
Copying brushes	Mucilage brushes	Sealing wax
Copying presses	Neostyles	Seals
Crayons	Notepaper	Shears
Cyclostyles	Notices	Shipping tags
Dating stamps and ribbons	Numbering stamps	Shorthand notebooks
Dictaphones	Oil paper	Sponge cups
Dictographs	Paper	Sponges
Drawing paper	Paper baskets	Stamps
Duplicators	Paper clips	Stamps, impression
Electric pens	Paper cutters	Stamp pads
Envelopes	Paper fasteners	Stylographs
	Paper files	

Tablets, blank and printed	Tracing paper	Water colors
Tape	Twine	Water holders
Telegraph blanks	Typewriters and ribbons	Wrapping paper
Tissue (impression) paper	Wage tables	Wringers for copying
Tracing cloth	Wastebaskets	presses

NOTE—The cost of printing briefs, legal forms, testimony, reports, etc., for the law department is chargeable to account No. 454, "Law expenses".

460. Other Expenses.

This account shall include incidental general expenses which are not properly chargeable to any of the foregoing accounts.

Items of Expense

(See general instructions, section 4)

Contributions to and cost of administering welfare work for the carrier's employees.
 Cost of draping buildings.
 Cost of publishing annual reports in newspapers, and other corporate and financial notices of general character.
 Cost of publishing notices of stockholders' meetings and of election of directors.
 Donations on account of catastrophes, epidemics, etc.
 Donations to local fire departments.
 Donations to Y.M.C.A., and similar institutions.
 Bank exchange on cheques cashed or deposited.
 Bank exchange on drafts bought.
 Fees and expenses paid to directors and trustees.
 Loss through payment of wages to a wrong person.
 Penalties assessed for nonpayment of claims for overcharges.

NOTE—Amounts paid representing foreign exchange on cheques cashed or deposited and on drafts purchased, which the carrier has been unable to allocate to the appropriate primary accounts, shall be included in income account No. 551C, "Other income charges".

461. General Joint Facilities—Dr.

This account shall include the carrier's proportions of general expenses incurred by others incident to maintaining and operating tracks, yards, terminals, and other facilities used jointly.

NOTE—The purpose of this account is to show the amount accruing against the carrier for its proportion of the expense of general administration of tracks, yards, terminals, and other facilities administered by others, and in the joint use of which the carrier participates. (See general instructions, section 14)

462. General Joint Facilities—Cr.

This account shall include amounts chargeable to others as their proportions of general expenses incurred by the carrier incident to maintaining and operating tracks, yards, terminals, and other facilities used jointly.

NOTE—The purpose of this account is to show the amounts accruing in favour of the carrier and against others for their proportions of the expense of general administration of tracks, yards, terminals, and other facilities administered by the carrier, and in the joint use of which others participate. (See general instructions, section 14)

VII. EQUIPMENT RENTS.

463. Rent for Equipment—Dr.

This account shall include amounts payable accrued for the use of the equipment of others, leased, interchanged or chartered, except as provided for in the classification for investment in road and equipment and in the text of account No. 542, "Rent for leased roads".

NOTE A—The rent for equipment included in the lease of road to the accounting company shall be included in account No. 542, "Rent for leased roads".

NOTE B—Interest accrued on equipment obligations shall be charged to account No. 546C, "Interest on funded debt".

NOTE C—Rent paid for equipment used in construction work train service is chargeable to the cost of the work. (See general instructions, section 6)

NOTE D—Customs duty charges based on rents paid to owners of foreign line equipment shall be included in the same account as that to which the rental is charged, and not in account No. 467, "Provision for income taxes—railway".

464. Rent from Equipment—Cr.

This account shall include, except as provided in the text of account No. 509, "Income from lease of road", amounts receivable accrued as rent for the use of the accounting company's equipment leased, interchanged or chartered.

NOTE A—Rent for equipment included in lease of road to another company shall be included in account No. 509, "Income from lease of road".

NOTE B—Income received as rent from vessel equipment which is primarily operated for non-rail steamship purposes shall be included in account No. 502NR, "Non-rail property revenues".

NOTE C—Rents paid for equipment used in construction work train service are chargeable to the cost of the work. (See general instructions, section 6)

VIII. JOINT FACILITY RENTS.

465. Joint Facility Rents—Dr.

This account shall include amounts payable accrued as rent for equipment, tracks, yards, terminals, and other facilities owned or controlled by other carriers, companies, or individuals, and in the joint use of which the accounting company participates.

Amounts paid or payable by the accounting company in reimbursement for taxes on property jointly used shall be charged to this account.

NOTE—The cost of maintenance, operation, or administration of joint facilities, chargeable to the accounting company, shall be charged to the various joint facility accounts provided for expenses. When the compensation for the use of joint facilities is a fixed amount or is based upon a charge per passenger, ton, car, or other unit, it shall be fairly apportioned between this account and the appropriate joint facility expense accounts. This apportionment shall be made by the operating company, and shall be followed by the accounting company.

466. Joint Facility Rent Income—Cr.

This account shall include amounts receivable accrued for rent of equipment, tracks, yards, terminals, and other facilities owned or controlled by the accounting company and used jointly with other companies or individuals.

Amounts receivable from other companies in reimbursement for taxes on property jointly used shall be credited to this account.

NOTE—The portion of the cost of maintenance, operation, or administration of joint facilities recoverable from others shall be credited to the various joint facility accounts provided for expenses. When the compensation for the use of joint facilities is a fixed amount or is based upon a charge per passenger, ton, car, or other unit, it shall be fairly apportioned by the creditor between this account and the appropriate joint facility expense accounts.

IX. RAILWAY TAX ACCRUALS.

467. Provision for Income Taxes—Railway.

This account shall include provisions for federal, provincial or other government taxes based on the carrier's net income from railway operations for the fiscal period.

NOTE A—Provision for taxes on income for the year, which is applicable to railway operations, shall be determined after apportionment of common income accounts.

NOTE B—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included in this account shall be apportioned on an equitable basis.

NOTE C—Interest and penalties for failure to pay taxes within the allotted time whether based on monthly or annual percentage rates or otherwise shall be charged to account No. 547C, "Interest on unfunded debt".

468. Other Railway Taxes.

This account shall include accruals for taxes of all kinds (other than taxes on income) relating to railway property (including vessel equipment operated as part of the Canadian rail transportation system), operations, and privileges, whether based upon the valuation of the property, amount of stocks and bonds or other evidences of debt issued or outstanding; number of passengers carried, quantity of freight transported, length of line operated or owned, rolling stock operated or owned, or other basis; also taxes for issuing and recording mortgages and trust deeds and for issuing bonds or other evidences of long term debt, and provincial sales taxes on materials purchased.

Similar taxes on leased property shall be included in this account by the carrier obligated to assume such expenses under the terms of the lease.

NOTE A—Taxes on leased property paid by one party to the lease and chargeable to the other party to the lease shall be charged directly to the party bearing the expense and not included in the Income Account of the party first making payment.

NOTE B—Taxes on other than railway property, operations, and privileges shall be charged to account No. 535C, "Provision for income taxes—other", or account No. 536NR, "Other non-rail taxes", when the amount is separable from the taxes chargeable to this account.

NOTE C—Special assessments for street and other improvements, and special benefit taxes, such as water taxes and the like, shall be included in operating expense accounts or investment accounts, as may be appropriate.

NOTE D—Amounts received in reimbursement of taxes on property jointly used shall be credited to account No. 466, "Joint facility rent income—Cr.". Amounts paid in reimbursement of such taxes shall be charged to account No. 465, "Joint facility rents—Dr.".

NOTE E—Taxes accruing on new lines under construction or on property acquired for the extension of existing lines or for addition or replacement purposes before the facilities are opened for commercial operation or the property acquired becomes available for service shall be charged to road and equipment accounts.

NOTE F—Interest and penalties for failure to pay taxes within the allotted time whether based on monthly or annual percentage rates or otherwise, shall be charged to account No. 547C, "Interest on unfunded debt".

X. EXPRESS OPERATIONS.

The primary accounts included in this general account are designed to show the expenses incurred in maintaining, soliciting, and securing traffic for, and operating the express organization.

Carriers are directed to section 10 of the general instructions, which stipulates that the results of express operations shall be reported on a departmental basis to show the net operating results of the express business which moves by rail. Thus, expenses of the express operations as defined in this section of the accounts will be included in the express department statement. Where other departments or organizations have performed services for this department or organization, an appropriate charge shall be included herein for the services rendered. (See general instructions, section 10 (c).) Where the carrier operates the express business under separate corporate structure, the departmental results shall be incorporated by consolidation of the accounts of the railway and express companies' accounts when preparing the reports for the Board of Transport Commissioners.

470. Express Maintenance.

This account shall include the cost of maintaining buildings, structures and equipment which pertain to the express organization. Included in this account shall be the costs of maintaining automobiles and trucks required in the pick-up and delivery service of the express organization and depreciation of facilities.

The carrier shall maintain expense analysis of this account in the following subaccounts:

- Superintendence
- Buildings and appurtenances—repairs
- Buildings and appurtenances—depreciation
- Automobiles—repairs
- Automobiles—depreciation
- Office furniture and equipment—repairs
- Office furniture and equipment—depreciation
- Trucks—repairs
- Trucks—depreciation
- Garage and shop equipment—repairs
- Garage and shop equipment—depreciation
- Line equipment—repairs
- Line equipment—depreciation
- Miscellaneous equipment—repairs
- Miscellaneous equipment—depreciation

471. Express Traffic.

This account shall include the cost of advertising, soliciting and securing traffic and of preparing and distributing tariffs governing such traffic, all of which pertain to the operations of the express organization.

The carrier shall maintain expense analysis of this account in the following subaccounts:

- Superintendence
- Advertising
- Stationery
- Other expenses
- Associations

472. Express Transportation.

This account shall include the cost of operating the services of the express organization. The cost of operating the automobiles and trucks used in the pick-up and delivery service of the express organization shall also be included in this account.

The carrier shall maintain expense analysis of the account in the following subaccounts:

- Superintendence
- Office employees
- Commissions
- Office supplies and expense
- Rent of local offices
- Vehicle employees
- Garage employees
- Garage supplies and expenses
- Drayage
- Train employees
- Train supplies and expenses
- Stationery
- Loss and damage
- Damage to property
- Injuries to persons
- Other expenses

473. Express General.

This account shall include the expenses of a general character pertaining to the service of the express organization, which are not chargeable direct to accounts No. 470, "Express maintenance"; No. 471, "Express traffic"; or No. 472, "Express transportation".

The carrier shall maintain expense analysis of this account in the following subaccounts:

- Salaries and expenses of general officers
- Salaries and expenses of clerks and attendants
- General office supplies and expenses
- Law expenses
- Insurance
- Fidelity bond premiums
- Pensions
- Stationery
- Other expenses

474. Provision for Income Taxes—Express.

This account shall include provisions for federal, provincial or other government taxes based on the carrier's net income from express operations for the fiscal period.

NOTE A—Provision for taxes on income for the year which is applicable to express operations shall be determined after apportionment of common income accounts.

NOTE B—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included in this account shall be apportioned on an equitable basis.

NOTE C—Interest and penalties for failure to pay taxes within the allotted time whether based on monthly or annual percentage rates or otherwise shall be charged to account No. 547C, "Interest on unfunded debt".

475. Other Express Taxes.

This account shall include accruals for taxes of all kinds (other than taxes on income) relating (a) to property used in the operations of the express organization or (b) to operations and privileges of the express organization, whether based upon the valuation of the property, length of line over which operations are conducted, or other basis.

NOTE A—Taxes on leased property paid by one party to the lease and chargeable to the other party to the lease shall be charged directly to the party bearing the expense and not included in the income account of the party first making payment.

NOTE B—Taxes on other than express property, operations and privileges shall not be charged to this account but shall be charged to the tax account appropriate to the service.

NOTE C—Special assessments for street and other improvements, and special benefit taxes, such as water taxes and the like, shall be included in expense accounts or investment accounts, as may be appropriate.

NOTE D—Interest and penalties for failure to pay taxes within the allotted time whether based on monthly or annual percentage rates or otherwise, shall be charged to account No. 547C, "Interest on unfunded debt".

XI. COMMERCIAL COMMUNICATIONS OPERATIONS.

The primary accounts included in this general account are designed to show the expenses incurred in maintaining and operating the commercial communications systems.

Carriers are directed to section 10 of the general instructions which stipulates that the results of commercial communications operations shall be reported on a departmental basis to show the net operating results of the commercial communications business. Thus, expenses of the commercial communications operations as defined in this section of the accounts will be included in the communications departmental statement. Where other departments or organizations have performed services for this department or organization, an appropriate charge shall be included herein for the services rendered. (See general instructions, section 10 (c).) Where the carrier operates the commercial communications business under separate corporate structure, the departmental results shall be incorporated by consolidation of the accounts of the railway and commercial communications companies' accounts when preparing the reports for the Board of Transport Commissioners.

480. Communications Maintenance.

This account shall include the cost of maintaining telegraph, telephone, radio, radar and other communications systems, including terminal equipment which pertain to the commercial communications systems. For examples of items of plant and equipment on which maintenance costs apply see account No. 247, "Rail communication systems", which pertains to rail service.

The carrier shall maintain expense analysis of this account in the following subaccounts:

- Supervision
- Testing and regulating
- Maintenance of inside plant
- Maintenance of aerial plant
- Maintenance of underground plant
- Maintenance of real estate
- Other maintenance expense
- Depreciation

481. Communications Conducting Operations.

This account shall include the cost of operating the commercial communications service by telegraph, telephone, radio or otherwise. For examples of items of expense see account No. 407, "Rail communication system operation", which pertains to rail service.

The carrier shall maintain expense analysis of this account in the following subaccounts:

- Supervision of operations
- Operators
- Telegraph and cable office clerks
- Soliciting
- Messenger service expense
- Field supervision expense
- Advertising
- Operating power
- Rent of telegraph and cable offices
- Postage and stationery—operating offices
- Telephone company service
- Commissions
- Obtaining stock and commercial news
- Traffic damages
- Rest and lunch rooms
- Other conducting operations expenses
- Employment and training

482. Communications General.

This account shall include the expenses of a general character pertaining to the commercial communications systems which are not chargeable direct to account No. 480, "Communications maintenance", or No. 481, "Communications conducting operations".

The carrier shall maintain expense analysis of this account in the following subaccounts:

- Salaries of general officers
- Salaries of general office employees
- Expenses of general officers and clerks
- General office supplies and expenses
- Legal services
- Insurance
- Accidents and damages
- Pensions
- Other general expenses

483. Provision for Income Taxes—Communications.

This account shall include provisions for federal, provincial or other government taxes based on the carrier's net income from commercial communications for the fiscal period.

NOTE A—Provision for taxes on income for the year which is applicable to commercial communications shall be determined after apportionment of common accounts.

NOTE B—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included in this account shall be apportioned on an equitable basis.

NOTE C—Interest and penalties for failure to pay taxes within the allotted time whether based on monthly or annual percentage rates or otherwise shall be charged to account No. 547C, "Interest on unfunded debt".

484. Other Communications Taxes.

This account shall include accruals for taxes of all kinds (other than taxes on income) relating to commercial communications operations, whether based upon the valuation of the property, length of lines over which operations are conducted, or other basis.

NOTE A—Taxes on leased property paid by one party to the lease and chargeable to the other party to the lease shall be charged directly to the party bearing the expense and not included in the income account of the party first making payment.

NOTE B—Taxes on other than commercial communications property, operations and privileges shall not be charged to this account but shall be charged to the tax account appropriate to the service.

NOTE C—Special assessments for street and other improvements and special benefit taxes, such as water taxes and the like, shall be included in expense accounts or investment accounts, as may be appropriate.

NOTE D—Interest and penalties for failure to pay taxes within the allotted time whether based on monthly or annual percentage rates or otherwise, shall be charged to account No. 547C, "Interest on unfunded debt".

XII. HIGHWAY TRANSPORT (RAIL) OPERATIONS.

The primary accounts included in this general account are designed to show the expenses incurred in maintaining and operating the highway transport operations classified as rail operations.

Carriers are directed to section 10 of the general instructions, which stipulates that the results of highway transport operations classified as rail shall be reported on a departmental basis to show the net operating results of this business. Thus, expenses of the highway operations classified as rail, as defined in this section of the accounts will be included in the highway transport departmental statement. Where other departments or organizations have performed services for this department or organization, an appropriate charge should be included herein for services rendered. (See general instructions, section 10 (c).) When the carrier operates the highway transport business classified as rail under separate corporate structure the departmental results shall be incorporated by consolidation of the accounts of the railway and these highway transport companies' accounts when preparing the reports for the Board of Transport Commissioners.

490. Highway Transport (Rail) Maintenance.

This account shall include the cost of maintaining buildings, structures and equipment which pertain to the highway transport operations classified as rail.

Included in this account shall be the costs of maintaining automobiles and trucks required in the pick-up and delivery service of the highway transport operations and depreciation of facilities.

The carrier shall maintain expense analysis of this account in the following subaccounts:

- Superintendence
- Buildings, fixtures and grounds repairs
- Passenger buses repairs
- Freight, cartage, trucks repairs
- Other truck repairs
- Shop equipment repairs
- Miscellaneous expense
- Depreciation

491. Highway Transport (Rail) Traffic.

This account shall include the cost of advertising, soliciting and securing traffic, which pertain to the highway transport operations classified as rail.

The carrier shall maintain expense analysis of this account in the following subaccounts:

- Superintendence and solicitation
- Advertising
- Stationery
- Other expenses

492. Highway Transport (Rail) Transportation.

This account shall include the cost of operating the highway transport operations classified as rail. Included in this account shall be the cost of operating the automobiles and trucks used in the pick-up and delivery service of the highway transport operations.

The carrier shall maintain expense analysis of this account in the following subaccounts:

- Superintendence
- Passenger bus operations
- Freight and cartage truck operations
- Fuel and lubricants for buses
- Fuel and lubricants for trucks
- Station employees, supplies and expenses
- Garage employees, supplies and expenses
- Loss and damage
- Injuries and damages
- Other expenses

493. Highway Transport (Rail) General.

This account shall include the expenses of a general character pertaining to the highway transport operations classified as rail which are not chargeable to account No. 490, "Highway transport (rail) maintenance"; No. 491, "Highway transport (rail) traffic"; or No. 492, "Highway transport (rail) transportation".

The carrier shall maintain expense analysis of this account in the following subaccounts:

- Salaries and expenses of general officers
- Salaries and expenses of general office clerks
- Law expenses
- Administrative supplies and expenses
- Other expenses
- Insurance

494. Provision for Income Taxes—Highway Transport (Rail).

This account shall include provisions for federal, provincial or other government taxes based on the carrier's net income from highway transport (rail) operations for the fiscal period.

NOTE A—Provision for taxes on income for the year which is applicable to highway transport (rail) operations shall be determined after apportionment of common income accounts.

NOTE B—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included in this account shall be apportioned on an equitable basis.

NOTE C—Interest and penalties for failure to pay taxes within the allotted time whether based on monthly or annual percentage rates or otherwise shall be charged to account No. 547C, "Interest on unfunded debt".

495. Other Highway Transport (Rail) Taxes.

This account shall include accruals for taxes of all kinds (other than taxes on income) relating to the highway transport operations classified as rail, whether based upon the valuation of the property, amount of passengers carried, amount of freight carried, or other basis.

NOTE A—Taxes on leased property paid by one party to the lease and chargeable to the other party to the lease shall be charged directly to the party bearing the expense and not included in the income account of the party first making payment.

NOTE B—Taxes on other than highway transport property operations and privileges classified as rail shall not be charged to this account but shall be charged to the tax account appropriate to the service.

NOTE C—Special assessments for street and other improvements and special benefit taxes, such as water taxes and the like, shall be included in expense accounts or investment accounts, as may be appropriate.

NOTE D—Interest and penalties for failure to pay taxes within the allotted time whether based on monthly or annual percentage rates or otherwise shall be charged to account No. 547C, "Interest on unfunded debt".

TEXT PERTAINING TO THE INCOME ACCOUNTS

I. CREDITS.

501. Rail Revenues.

This account shall include the total revenues derived from operations as shown in the accounts provided in the classification of revenues.

To facilitate compilation of net rail operating income on a departmental basis, as required for reports to the Board of Transport Commissioners, (see general instructions, section 10 (c)), an analysis of revenues included in this account shall be maintained in the following subaccounts:

- Railway
- Express
- Commercial communications
- Highway transport (rail)

502NR. Non-Rail Property Revenues.

This account shall include the total revenues derived from operation of or income arising from non-rail property, the cost of which is includible in account No. 705NR, "Non-rail property". (See general instructions, section 10 (b))

NOTE—The expenses of operating non-rail property shall be included in account No. 534NR, "Non-rail property expenses", and taxes thereon (other than taxes on income) in account No. 536NR, "Other non-rail taxes".

Items to be Credited

Revenues from non-rail steamship operations and water transfers.

Hotel revenues.

Revenue from highway transport services not classified as rail.

Revenue from restaurants where such are distinct from rail transportation assets.

Revenue from warehouses and stockyards operated primarily as a service to the public and not as an integral part of the rail transportation system.

Income from office buildings.

Income from miscellaneous lands, buildings, etc., not forming part of the carrier's rail transportation assets.

Revenue in respect of royalties and fees from mineral rights.

509. Income from Lease of Road.

This account shall include the entire amount receivable accrued for the exclusive use of road, tracks, or bridges (including equipment or other railway property covered by the contract), the rented property being owned or controlled by the accounting company, whether payable to the accounting company in cash or disbursed by the lessee on behalf of the accounting company as interest on funded debt, guaranteed dividends on stock, or otherwise. (See Note C to account No. 717, "Interest and dividends receivable".)

When the lessor company maintains the road and equipment leased, the cost of maintaining the property rented shall be charged to this account, except that when the rent thus receivable for the use of property other than equipment is relatively small and the expense of maintenance is not separable, the entire amount received may be credited to revenue account No. 142, "Rents of buildings and other property".

If, under the terms of a lease, the deficit, or any portion of it, resulting from the lessee company's operations of the property leased is payable by the lessor company, the amount thus payable shall be charged to this account by the lessor.

NOTE A—When taxes on leased railway property are assumed by the lessor, the accruals of such taxes shall be included in the lessor's account No. 468, "Other railway taxes", or account No. 467, "Provision for income taxes—railway", as may be appropriate.

NOTE B—If property, the rent of which is chargeable to account No. 542, "Rent for leased roads", is sublet by the accounting company, the rent receivable therefor shall be credited to this account.

NOTE C—When specific charges against the lessee are made by the lessor for repairs of equipment which is actually maintained by it the amount of such charges shall be appropriately credited by the lessor to its equipment repair accounts and charged by the lessee to the corresponding accounts.

510. Other Rent Income.

This account shall include such rents of property owned and controlled by the accounting carrier as are not provided for in the foregoing accounts.

To this account shall be charged the cost of maintenance of the property rented, also specific incidental expenses in connection with such property, such as the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collectors' commissions and analogous items.

NOTE A—If property, the rent of which is chargeable to account No. 543, "Other rents", is sublet by the accounting company, the rent receivable therefor shall be credited to this account.

NOTE B—Taxes on property, the rent of which is creditable to this account shall be charged to account No. 468, "Other railway taxes".

NOTE C—The rent from property carried in account No. 705NR, "Non-rail property", shall not be included in this account, but in account No. 502NR, "Non-rail property revenues".

NOTE D—Rent and other income from real estate acquired for new lines or for additions or replacements shall be credited to the appropriate road and equipment accounts until the completion or coming into service of the property.

NOTE E—Rents received for property carried in account No. 701, "Road and equipment property", or account No. 701NR, "Road and equipment property—United States lines", where the expenses of maintenance and operations are not separable from railway expenses, shall be credited to account No. 142, "Rent of buildings and other property".

512. Separately Operated Properties—Profit.

This account shall include amounts receivable under the terms of agreements or contracts whereby the surplus resulting from the operation by others of properties of other companies having a separate corporate existence and whose operations are considered to be an integral part of the carrier's Canadian rail transportation system is to be paid, in whole or in part, to the accounting company.

In determining the amount receivable by the accounting company consideration shall be given not only to the revenues and expenses but also to other items of income or deduction which affect that amount.

This account shall also reflect the reversing entry made by the carrier for its proportion of deficits of separately incorporated companies (controlled by the carrier and considered to be an integral part of its Canadian rail transportation system) previously provided through account No. 545, "Separately operated properties—loss", but not now required through subsequent favourable operations.

NOTE A—The amount payable by the operating company representing its net income shall be charged by it to account No. 550, "Income transferred to other companies".

NOTE B—Dividends or other returns upon securities issued by such separately operated companies, and held or controlled by the accounting company, shall be included in accounts No. 513, "Dividend income", No. 514C, "Interest income", or No. 516C, "Income from reserve funds", as may be appropriate.

NOTE C—The amount to be entered in this account is not the net balance between this account and account No. 545, "Separately operated properties—loss".

512NR. Separately Operated Non-Rail Properties—Profit.

This account shall include amounts receivable under the terms of agreements or contracts whereby the surplus resulting from operation by others of properties of other companies having a separate corporate existence and whose operations are not considered to be an integral part of the carrier's Canadian rail transportation system is to be paid, in whole or in part, to the accounting company.

In determining the amount receivable by the accounting company consideration shall be given not only to the revenues and expenses but also to other items of income or deduction which affect that amount.

This account shall also reflect the reversing entry made by the carrier for its proportion of deficits of separately incorporated companies (controlled by the carrier and not considered to be an integral part of its Canadian rail transportation system) previously provided through account No. 545NR, "Separately operated non-rail properties—loss", but not now required through subsequent favourable operations.

NOTE A—The amount payable by the operating company shall be charged by it to account No. 550NR, "Income transferred to other companies—non-rail".

NOTE B—Dividends or other returns upon securities issued by such separately operated companies, and held or controlled by the accounting company, shall be included in accounts No. 513NR, "Dividend income—non-rail"; No. 514C, "Interest income"; or No. 516C, "Income from reserve funds", as may be appropriate.

NOTE C—The amount to be entered in this account is not the net balance between this account and account No. 545NR, "Separately operated non-rail properties—loss".

NOTE D—This account shall include amounts pertaining to the separately operated railways in the United States of America, the carrier's investment in which appears in accounts other than Nos. 701, 701NR, 702 or 702NR.

513. Dividend Income.

This account shall include dividends declared on stocks, the income from which is the property of the accounting company, whether such stocks are owned by the accounting company and held in its treasury or deposited in trust, or are controlled through lease or otherwise, and have been issued by a company whose operations are considered to be an integral part of the carrier's Canadian rail transportation system.

Dividends shall not be set up unless declared . (See account No. 717, "Interest and dividends receivable".)

NOTE A—This account shall not include credits for dividends on stocks issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other reserve funds.

NOTE B—Dividends on stocks of companies similar to the above which are held in sinking or other reserve funds shall be credited to account No. 516C, "Income from reserve funds".

513NR. Dividend Income—Non-Rail.

This account shall include dividends declared on stocks, the income from which is the property of the accounting company, whether such stocks are owned by the accounting company and held in its treasury or deposited in trust, or are controlled through lease or otherwise, and have been issued by a company whose operations are considered to be primarily of a non-rail character or do not form an integral part of the carrier's Canadian rail transportation system.

Dividends shall not be set up unless declared. (See account No. 717, "Interest and dividends receivable".)

NOTE A—This account shall not include credits for dividends on stocks issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other reserve funds.

NOTE B—Dividends on stocks of companies similar to the above which are held in sinking or other reserve funds shall be credited to account No. 516C, "Income from reserve funds".

514C. Interest Income.

This account shall include the interest on securities and debenture stock of other companies, the income from which is the property of the accounting company, whether such securities are owned by the accounting company and held in its treasury or deposited in trust, or are controlled through lease or otherwise. It shall include also, interest on notes and other evidences of indebtedness and interest on bank balances, open accounts, and other analogous items, including discount on short term notes. Interest accrued shall not be credited prior to actual collection unless its payment is reasonably assured by past experience, guaranty, anticipated provision, or otherwise. (See Note C to account No. 717, "Interest and dividends receivable".)

At the option of the accounting company there may be included each year in this account the portion, applicable to the fiscal period, of the amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the discount or premium on securities of other companies owned (other than short term notes). Amounts thus credited or charged shall be concurrently charged or credited to the account in which the cost of the securities is carried. The discount on short term notes shall be distributed through equal monthly credits, over the terms of the notes.

NOTE A—This account shall not include interest on securities issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other reserve funds.

NOTE B—Interest on securities, other than those of the accounting company, and on other assets held in sinking or other reserve funds shall be included in account No. 516C, "Income from reserve funds".

NOTE C—Discount on bills for material purchased shall be credited to the accounts to which is charged the cost of the material with respect to which the discount is allowed.

NOTE D—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included¹ in common accounts shall be apportioned between rail and non-rail income on an equitable basis.

516C. Income from Reserve Funds.

This account shall include the Income Accrued on cash, securities, and other assets (not including securities issued or assumed by the accounting company) held in sinking and other reserve funds. (See Note C to account No. 717, "Interest and dividends receivable".)

At the option of the accounting company there may be included each year in this account the portion, applicable to the fiscal period, of the amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the discount or premium on funded securities held in sinking or other reserve funds. Amounts thus credited or charged shall be concurrently charged or credited to the account in which the cost of the securities is carried.

NOTE A—Income from securities which constitute the pension fund investments of the carrier shall be credited direct to account No. 769, "Pension and welfare reserves".

NOTE B—The Board of Transport Commissioners may from time to time issue regulations prohibiting additional credits to insurance and other reserves applicable to rail property. With respect to insurance reserves so regulated where the income from fund securities and the net result of insurance operations (premiums charged and amounts recovered from insurance companies, less claims for losses and expenses of operating the insurance department of the carrier) results in a net profit for the fiscal period, income from fund securities shall be credited to this account and the net result of insurance operations shall be credited to account No. 519C, "Other income", if there is a profit, or charged to account No. 551C, "Other income charges", if there is a loss. Where the income from fund securities and the net result of insurance operations results in a net loss for the fiscal period, the carrier may charge the net loss against the insurance reserve or, if the carrier desires to maintain the level of insurance reserves, the income from fund securities may be credited to this account and the net loss of insurance operations may be charged to account No. 551C, "Other income charges".

NOTE C—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included in common accounts shall be apportioned between rail and non-rail income on an equitable basis.

517C. Release of Premiums on Funded Debt.

This account shall include, during each fiscal period, such proportion of the premiums on outstanding funded debt as may be applicable to the period, determined in accordance with general instructions, section 17.

NOTE—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included in common accounts shall be apportioned between rail and non-rail on an equitable basis.

519C. Other Income.

This account shall include all items, not provided for elsewhere, properly creditable to Income Account during the fiscal period.

NOTE A—In respect of transactions in foreign currencies not accounted for at the rate of exchange directly to the accounts involved, net amounts representing foreign exchange gains on other than capital transactions shall be credited to this account or, if a loss, debited to account No. 551C, "Other income charges", as may be appropriate.

NOTE B—This account shall include the net profit for the fiscal period on the carrier's self insurance operations applicable to rail property (premium charge and amounts recovered from insurance companies, less claims for losses and expenses of operating the insurance department of the carrier), in cases where the Board of Transport Commissioners has issued regulations prohibiting additional credits to the carrier's insurance reserves.

NOTE C—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included in common accounts shall be apportioned between rail and non-rail income on an equitable basis.

520. Delayed Income.

This account shall include delayed credit items and adjustments for which no provision has previously been made, relating to revenues, expenses, and income arising during the current year from the Canadian rail transportation operations of the carrier when such items are applicable to prior years and are relatively so large that their inclusion in the appropriate accounts of the current year would seriously distort the accounts for the year. (See general instructions, section 19)

NOTE—All entries in this account shall be made in such detail as will indicate the revenue, expense or income accounts to which they relate.

520NR. Delayed Income—Non-Rail.

This account shall include delayed credit items and adjustments for which no provision has previously been made, relating to revenues, expenses, and income arising during the current year from operations which are considered to be primarily of a non-rail character when such items are applicable to prior years and are relatively so large that their inclusion in the appropriate accounts of the current year would seriously distort the accounts for the year. (See general instructions, section 19)


NOTE—All entries in this account shall be made in such detail as will indicate the revenue, expense or income accounts to which they relate.

II. DEBITS.

531. Rail Expenses.

This account shall include the total expenses caused by operations as shown in the accounts provided in the classification of expenses.

To facilitate compilation of net rail operating income on a departmental basis, as required for reports to the Board of Transport Commissioners, (see general instructions, section 10 (c)), an analysis of expenses included in this account shall be maintained in the following subaccounts:

- Railway
- Express
- Commercial communications
- Highway transport (rail) 

534NR. Non-Rail Property Expenses.

This account shall include the total expenses (other than taxes) caused by the operation of non-rail property the cost of which is includible in account No. 705NR, "Non-rail property". It shall also include expenses incurred in earning income derived from other miscellaneous non-rail sources.

Items to be Debited

Expenses of non-rail steamship operations and water transfers.

Hotel expenses.

Expenses of highway transport services not classified as rail.

Expenses of restaurants where such are distinct from rail transportation assets.

Expenses of warehouses and stockyards operated primarily as a service to the public and not an integral part of the rail transportation system.

Expenses of office buildings.

Expenses of miscellaneous lands, buildings, etc., not forming part of the carrier's rail transportation assets.

535C. Provision for Income Taxes—Other.

This account shall include provisions for federal, provincial or other government taxes based on the carrier's net income from operations for the fiscal period and not includible in account No. 531, "Rail expenses".

NOTE A—Provision for taxes on income for the year, which is applicable to non-rail operations, shall be determined after apportionment of common income accounts.

NOTE B—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included in this account shall be apportioned between rail and non-rail expenses on an equitable basis.

NOTE C—Interest and penalties for failure to pay taxes within the allotted time whether based on monthly or annual percentage rates or otherwise, shall be charged to account No. 547C, "Interest on unfunded debt".

536NR. Other Non-Rail Taxes.

This account shall include accruals of taxes (other than taxes on income) paid or payable upon non-rail property, the cost of which is includible in account No. 705NR, "Non-rail property".

NOTE—Interest and penalties for failure to pay taxes within the allotted time whether based on monthly or annual percentage rates or otherwise, shall be charged to account No. 547C, "Interest on unfunded debt".

542. Rent for Leased Roads.

This account shall include amounts payable accrued as rent for roads, tracks, or bridges (including equipment or other railway property covered by the contract), the property being owned by other companies and held under lease or other agreement by the terms of which exclusive use and control for operating purposes are secured. The entire amount of rent payable by the lessee in accordance with the agreement shall be included in this account, whether paid to the lessor in cash or disbursed by the lessee, on behalf of the lessor, as interest on funded debt, guaranteed dividends on stock, or otherwise. (See general instructions, section 11 (j))

NOTE A—When taxes on leased property are assumed by the lessee the accruals of such taxes shall be included in the lessee's account No. 468, "Other railway taxes", or account No. 467, "Provision for income taxes—railway", as may be appropriate.

NOTE B—If, under the terms of a lease, the deficit or any portion of it resulting from the lessee's operation of the property leased is payable by the lessor company, the amount shall be charged to account No. 509, "Income from lease of road", by the lessor and credited to this account by the lessee.

NOTE C—If the property, the rent of which is chargeable to this account, is sublet by the accounting company to others, the rent from the sublease shall be credited to account No. 509, "Income from lease of road".

NOTE D—Payments for the exclusive use of road and equipment maintained by the lessor and used in the accounting company's operations (when considerable in amount and when not provided for in the classification of operating expenses) shall be divided into two portions: One, representing cost of maintenance, shall be charged to the appropriate maintenance accounts and the other, representing rent (amount applicable to the investment in the property), shall be charged to this account.

NOTE E—When specific charges against the lessee are made by the lessor for repairs of equipment which is actually maintained by it the amount of such charges shall be appropriately credited by the lessor to its equipment repair accounts and charged by the lessee to the corresponding accounts.

543. Other Rents.

This account shall include rents payable accrued on property held by the accounting company under lease or other agreement and not properly chargeable to any of the foregoing accounts.

NOTE A—This account shall not include rents provided for in the expense accounts.

NOTE B—If property, the rent of which is chargeable to this account, is sublet by the accounting company to others, the rent from the sublease shall be credited to account No. 510, "Other rent income".

NOTE C—Payments for the exclusive use of miscellaneous property maintained by the lessor and used by the accounting company shall be divided into two portions: One, representing the cost of maintenance, shall be charged to the appropriate operating accounts, and the other, representing rent (amount applicable to the investment in the property), shall be charged to this account. The bill rendered by the creditor shall show the distribution of the payments as between maintenance and rent, and such distribution shall be adhered to by the debtor.

545. Separately Operated Properties—Loss.

This account shall include amounts payable under the terms of agreements or contracts whereby the deficit resulting from the operation by others of properties of other companies having a separate corporate existence and whose operations are considered to be an integral part of the carrier's Canadian rail transportation system is to be paid, in whole or in part, by the accounting company, and also the entry made by the carrier to reflect its portion of the deficit of separately incorporated companies controlled by the carrier where the operations of such companies are considered to be an integral part of the carrier's Canadian rail transportation system.

In determining the amount payable by the accounting company, consideration shall be given not only to the revenues and expenses, but also to other items of income or deductions which affect that amount.

NOTE A—The amount receivable by the operating company representing its net deficit shall be credited by it to account No. 603, "Contributions from governments or other companies".

NOTE B—Dividends or other returns upon securities issued by separately operated companies and held or controlled by the accounting company shall not be included in this account to offset a deficit payable, but shall be included in account No. 513, "Dividend income", or account No. 514C, "Interest income", as may be appropriate.

NOTE C—The amount to be entered in this account is not the net balance between this account and account No. 512, "Separately operated properties—profit".

545NR. Separately Operated Non-Rail Properties—Loss.

This account shall include amounts payable under the terms of agreements or contracts whereby the deficit resulting from the operation by others of properties of other companies having a separate corporate existence, and whose operations are not considered to be an integral part of the carrier's Canadian rail transportation system, is to be paid, in whole or in part, by the accounting company, and also the entry made by the carrier to reflect its portion of the deficit of separately incorporated companies controlled by the carrier where the operations of such companies are not considered to be an integral part of the carrier's Canadian rail transportation system.

In determining the amount payable by the accounting company, consideration shall be given not only to the revenues and expenses, but also to other items of income or deductions which affect that amount.

NOTE A—The amount receivable by the operating company shall be credited by it to account No. 603, "Contributions from governments or other companies".

NOTE B—Dividends or other returns upon securities issued by separately operated companies and held or controlled by the accounting company shall not be included in this account to offset a deficit payable, but shall be included in account No. 513NR, "Dividend income—non-rail", or account No. 514C, "Interest income", as may be appropriate.

NOTE C—The amount to be entered in this account is not the net balance between this account and account No. 512NR, "Separately operated non-rail properties—profit".

546C. Interest on Funded Debt.

This account shall include the current accruals of interest on all classes of long term debt, the principal of which is includible in account No. 755, "Funded debt"; account No. 755A, "Loans from Government of Canada—long term"; account No. 755½, "Debt in default"; account No. 756½, "Equipment obligations"; and account No. 757, "Amounts payable to affiliated companies"; also interest accruals on debenture stock. This account shall be kept in such form that the interest on debenture stock, and on other classes of funded debt may be shown separately in the Annual Report to the Board of Transport Commissioners.

NOTE A—This account shall not include charges for interest on funded debt obligations issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other reserve funds.

NOTE B—When the carrier elects to capitalize interest during construction, the amount so determined shall be charged to account No. 76, "Interest during construction" and credited to this account, provided funded debt has been incurred in connection with the expenditures capitalized. (For the method of calculation see account No. 76, "Interest during construction".)

NOTE C—This account shall be maintained so as to show separately; (a) fixed interest which will be paid, or for which provision for payment will be made, when the interest matures; (b) interest in default; and (c) contingent interest determined to be payable.

NOTE D—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included in common accounts shall be apportioned between rail and non-rail income on an equitable basis.

547C. Interest on Unfunded Debt.

This account shall include interest accrued on unfunded debt such as short term notes payable on demand or having dates of maturity one year or less from dates of issue, and open accounts including discount and expense

on demand and short term loans, interest on receipts outstanding for instalments paid on capital stock, interest on deferred payments for public improvements, and other analogous items. The discount on short term notes, if of a considerable amount, shall be distributed through equal monthly charges, over the term of the notes.

This account shall also include interest and penalties for failure to pay taxes within the allotted time whether based on monthly or annual percentage rates or otherwise.

NOTE A—When the carrier elects to capitalize interest during construction, the amount so determined shall be charged to account No. 76, "Interest during construction" and credited to this account, provided no funded debt has been incurred in connection with the expenditures capitalized. (For method of calculation see account No. 76, "Interest during construction".)

NOTE B—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included in common accounts shall be apportioned between rail and non-rail income on an equitable basis.

548C. Amortization of Discount on Funded Debt.

This account shall be charged during each fiscal period with the proportion of the discount and expense on funded debt obligations applicable to that period. This proportion shall be determined according to a rule the uniform application of which, through the interval between the date of sale and the date of maturity, will extinguish the discount and expense on funded debt. The charge to this account for any period must not be either greater or less than the proportion of the balance remaining unamortized applicable to that period so long as any portion of the discount and expense remains unextinguished, except that if the total discount and expense applicable to any particular issue of securities does not exceed \$25,000., the entire amount may be charged to this account at time of issue. (See general instructions, section 17)

NOTE—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included in common accounts shall be apportioned between rail and non-rail income on an equitable basis.

550. Income Transferred to Other Companies.

This account shall include the whole or any portion of the Canadian rail income of the accounting company payable to another company under the terms of agreements or contracts without obligation for reimbursement.

In determining the amount payable by the accounting company, consideration shall be given not only to revenues and expenses, but also to other items of income or deduction which affect that amount.

NOTE A—The amount receivable by the other company shall be credited by it to account No. 512, "Separately operated properties—profit".

NOTE B—Dividends or other payments upon securities issued or assumed by the accounting company shall not be included in this account.

550NR. Income Transferred to Other Companies—Non-Rail.

This account shall include the whole or any portion of the non-rail income of the accounting company payable to another company under the terms of agreements or contracts without obligation for reimbursement.

In determining the amount payable by the accounting company, consideration shall be given not only to revenues and expenses, but also to other items of income or deduction which affect that amount.

NOTE A—The amount receivable by the other company shall be credited by it to account No. 512NR, "Separately operated non-rail properties—profit".

NOTE B—Dividends or other payments upon securities issued or assumed by the accounting company shall not be included in this account.

551C. Other Income Charges.

This account shall include interest charges not provided for elsewhere, such as overcharge claims, court awards, and other income deductions not provided for elsewhere.

This account shall also include net amounts representing foreign exchange losses other than those of a capital nature where the carrier has been unable to allocate such amounts to the appropriate primary revenue and expense accounts.

NOTE—In compiling the Income Account statement for the Annual Report to the Board of Transport Commissioners, amounts included in common accounts shall be apportioned between rail and non-rail income on an equitable basis.

553. Dividend Appropriations of Income.

This account shall include amounts definitely declared payable from the income of the fiscal period, as dividends on outstanding capital stock issued or assumed by the accounting company, other than debenture stock. (See definition of the several classes of capital stock in balance sheet account No. 751, "Capital stock".) If a dividend is not payable in cash the consideration shall be described in the entry with sufficient particularity to identify it.

This account shall be subdivided so as to show separately the dividends on the various subclasses of capital stock.

NOTE A—Interest accrued on debenture stock shall be charged to account No. 546C, "Interest on funded debt".

NOTE B—This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether pledged as collateral, or held in its treasury, in special deposits, or in sinking or other reserve funds.

NOTE C—This account shall be used when the appropriations made are definitely chargeable to income. Similar appropriations made from retained income shall be charged to account No. 614, "Dividend appropriations".

557. Delayed Charges.

This account shall include delayed debit items and adjustments for which no provision has previously been made, relating to revenues, expenses, and income arising during the current year from the Canadian rail transportation operations of the carrier when such items are applicable to prior years, and

are relatively so large that their inclusion in the appropriate accounts of the current year would seriously distort the accounts for the year. (See general instructions, section 19)

NOTE—All entries in this account shall be made in such detail as will indicate the revenue, expense or income accounts to which they relate.

557NR. Delayed Charges—Non-Rail.

This account shall include delayed debit items and adjustments for which no provision has previously been made, relating to revenues, expenses, and income arising during the current year from operations which are considered to be primarily of a non-rail character when such items are applicable to prior years, and are relatively so large that their inclusion in the appropriate accounts of the current year would seriously distort the accounts for the year. (See general instructions, section 19)

NOTE—All entries in this account shall be made in such detail as will indicate the revenue, expense or income accounts to which they relate.

TEXT PERTAINING TO RETAINED INCOME ACCOUNTS

I. CREDITS.

601. Credit Balance (At Beginning of Calendar Year).

This account shall include the net credit balance in retained earnings account at the beginning of the calendar year.

602. Credit Balance Transferred from Income.

This account shall show the net credit balance brought forward from the income account for the calendar year.

603. Contributions from Governments or Other Companies.

This account shall include amounts received or receivable from other companies, governments, or individuals, representing (a) the whole or a part of the net deficit of the accounting company or of (b) operations which for management purposes are entrusted to the accounting company when, under the terms of agreements or contracts, no obligation for subsequent reimbursement is incurred.

In determining the amount receivable by the accounting company, consideration shall be given not only to the revenues and expenses, but also to other items of income or deductions which affect that amount.

NOTE—The amount payable shall be charged by the contributing company to account No. 545, "Separately operated properties—loss", or account No. 545NR, "Separately operated non-rail properties—loss", as may be appropriate.

607. Other Credits.

This account shall include amounts, not provided for elsewhere, transferred from other accounts to retained income, and amounts representing increases of resources not properly assignable to the income accounts. Among the items which shall be included in this account are:

(a) Adjustments or cancellations of balance sheet accounts, relating to retained income accounts;

(b) Cancellation of balance sheet accounts representing unclaimed wages and vouchered accounts written off because of carrier's inability to locate the creditor;

(c) Profit from the sale of land carried in account No. 701, "Road and equipment property", or account No. 701NR, "Road and equipment property—United States lines". (See general instructions, section 9);

(d) Profit derived from the sale of investment securities;

(e) Profit derived from the sale of property, including agricultural, mineral, timber and other lands, carried in account No. 705NR, "Non-rail property";

(f) Credits resulting from adjustments required to bring to par funded debt securities issued or assumed by the accounting company and reacquired at a cost less than the par value;

- (g) Unreleased premiums on funded debt reacquired before maturity;
- (h) Collection of old accounts previously written off to retained income;
- (i) Contributions for the construction of transportation property not includible in accounts No. 771, "Donations and grants—railway property" or No. 771NR, "Donations and grants—railway property—United States lines". (See general instructions, section 7)

NOTE—When the amounts under (a) or (b) above, are negligible in relation to the carrier's business such amounts may be adjusted through the income accounts rather than in this account.

II. DEBITS.

611. Debit Balance (At Beginning of Calendar Year).

This account shall include the net debit balance in the retained earnings account at the beginning of the calendar year.

612. Debit Balance Transferred from Income.

This account shall show the net debit balance brought forward from the income account for the calendar year.

614. Dividend Appropriations.

This account shall include amounts definitely declared payable from retained income as dividends on outstanding capital stock issued or assumed by the accounting company, other than debenture stock. (See definition of the several classes of capital stock in account No. 751, "Capital stock".) If a dividend is not payable in cash the consideration shall be described in the entry with sufficient particularity to identify it.

This account shall be subdivided so as to show separately the dividends on the various subclasses of capital stock.

NOTE A—Interest accrued on debenture stock shall be charged to account No. 546C, "Interest on funded debt".

NOTE B—This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other reserve funds. (See account No. 618, "Other appropriations".)

NOTE C—Similar appropriations made from income shall be charged to account No. 553, "Dividend appropriations of income".

618. Other Appropriations.

This account shall include amounts definitely appropriated from retained income to provide a reserve for doubtful accounts, where such a reserve is required in connection with extraordinary circumstances or for the discharge of the principal (less the discount, if any, suffered at the time of sale) of any indebtedness incurred in the acquisition of property carried in the road and equipment accounts; and other amounts appropriated from retained income and not provided for elsewhere.

This account shall also include amounts definitely appropriated from retained income and applied to sinking and other reserve funds; and allotments or payments of definite amounts from retained income into sinking and other reserve funds under the terms of mortgages, deeds of trust, or other contracts that provide for such allotments or payments.

NOTE—The amounts charged to this account shall be concurrently credited to the appropriate reserve or liability accounts.

621. Other Charges.

This account shall include amounts, not provided for elsewhere, chargeable to retained income from other accounts, amounts written off in consequence of adjustments, and payments not properly chargeable to the income accounts. Among the items which shall be charged to this account are:

(a) Adjustments or cancellations of balance sheet accounts, relating to retained income account;

(b) Losses resulting from the sale of investment securities;

(c) Losses resulting from the sale, destruction, or abandonment of property carried in account No. 705NR, "Non-rail property";

(d) Debits resulting from adjustments required to bring to par funded debt securities issued or assumed by the accounting company and reacquired at a cost exceeding the par value;

(e) Loss from the sale of land carried in account No. 701, "Road and equipment property", or account No. 701NR, "Road and equipment property—United States lines". (See general instructions, section 9);

(f) Unextinguished discounts on funded debt reacquired before maturity;

(g) Payments of old accounts previously written off to retained earnings;

(h) Penalties and fines when not specifically provided for elsewhere;

(i) Cost of preparing and distributing prospectuses, and of soliciting subscriptions for stock at time of organization; cash fees and the actual cash value (at the time of organization) of securities paid to promoters for their services in organizing the enterprise; cost of preparing and issuing certificates of stock at time of organization.

NOTE—When the amount under (a) above is negligible in relation to the carrier's business, such amount may be adjusted through the income accounts rather than in this account.

TEXT PERTAINING TO GENERAL BALANCE SHEET ACCOUNTS

I. DEBITS.

701. Road and Equipment Property.

This account shall include the accounting company's investment in road and equipment (including that held under contract for purchase), used or held for use as rail transportation property on Canadian lines at the date of the balance sheet.

When property is retired from service, this account shall be credited with ledger value of the property retired. (See general instructions, section 9)

NOTE A—When any equipment is acquired under an agreement which provides that the cost shall be paid in instalments, the cost (its money value at time of purchase) shall be charged to the appropriate road and equipment accounts at the time the equipment is delivered to the carrier, and included in this account in the same manner as the cost of equipment purchased outright. When the par value of notes or other securities issued in payment, or in part payment, for such equipment is more (or less) than the actual cash value of the equipment at the time of the purchase, or of the proportion to which the securities are applicable, the difference between the par value of the securities and the actual cash value of the equipment, or of the proportion paid for by the securities, shall be charged (or credited) to the proper discount and premium accounts.

NOTE B—Canadian lines shall include certain other lines which extend into the United States and are reported to the Interstate Commerce Commission but which, for all intents and purposes, are treated as Canadian lines. These lines are for the most part "short ends", interchange points or part of a continuous Canadian line passing through the United States due to geographical locations of termination points.

NOTE C—When the accounting company has obtained donations or grants in connection with rail transportation property, the cost of the property shall be included in this account, account No. 701NR, "Road and equipment property—United States lines", No. 702, "Improvements on leased property", or No. 702NR, "Improvements on leased property—United States lines", as may be appropriate. The amount of the donation or grant shall be credited to account No. 771, "Donations and grants—railway property", or No. 771NR, "Donations and grants—railway property—United States lines", as may be appropriate.

701NR. Road and Equipment Property—United States Lines.

This account, except in connection with the acquisition of transportation property as provided for in account No. 702½NR, "Acquisition adjustment—United States lines", shall include the accounting company's investment in road and equipment (including that held under contract for purchase), used or held for use as transportation property in existence on United States lines at the date of the balance sheet.

When property is retired from service this account shall be credited with the ledger value of the property retired. (See section 6, Interstate Commerce Commission accounting classification for railroad companies, general instructions for road and equipment.)

NOTE A—This account shall not include any items representing titles to securities.

NOTE B—When any equipment is acquired under an agreement which provides that the cost shall be paid in instalments, the cost (its money value at time of purchase) shall be charged to the appropriate road and equipment accounts at the time the equipment is delivered to the carrier, and included in this account in the same manner as the cost of equipment purchased outright. When the par value of notes or other securities issued in payment, or in part payment, for such equipment is more (or less) than the actual cash value of the equipment at the time of the purchase, or of the proportion to which the securities are applicable, the difference between the par value of the securities and the actual cash value of the equipment, or of the proportion paid for by the securities, shall be charged (or credited) to the proper discount and premium accounts.

NOTE C—Held for use, as referred to above, implies the ability of the carrier to substantiate by plans or policy its characterization of the probable future use which is to be made of the property.

NOTE D—This account shall not include road and equipment property on lines as defined in account No. 701, "Road and equipment property", Note B.

NOTE E—When the accounting company has obtained donations or grants in connection with the construction of or acquisition of rail transportation property, the cost of the property shall be included in this account, No. 701, "Road and equipment property", No. 702, "Improvements on leased property", or No. 702NR, "Improvements on leased property—United States lines", as may be appropriate. The amount of the donation or grant shall be credited to account No. 771, "Donations and grants—railway property", or No. 771NR, "Donations and grants—railway property—United States lines", as may be appropriate.

702. Improvements on Leased Property.

This account, shall include the cost of improvements made by the accounting company to property of Canadian lines which is held under lease from others, where such improvements are used in rail transportation service, and the lessee is not to be reimbursed by the lessor for such improvements. Where the improvements made by the lessee are not likely to be refunded by the lessor, nor does it appear probable that the property will be returned to the lessor, the cost of such improvements shall also be included in this account.

When the cost of improvements made by the lessee is to be refunded by the lessor during the term of the lease agreement or at the termination thereof, the lessee, pending settlement with the lessor, shall include the cost thereof in account No. 706, "Investments in affiliated companies", or account No. 707, "Other investments", as may be appropriate, and the lessor company shall include concurrently the cost of such improvements in account No. 701, "Road and equipment property".

When leased property of Canadian lines is retired from service this account shall be credited with the ledger value of any improvements thereto, the cost of which has been included in this account; also for leased property retired (where the lessee is not obligated to reimburse the lessor), with the ledger value of any property of Canadian lines retired that has been used in rail transportation service and was held under lease.

The carrier's records shall be kept in such manner as to show the debits and credits to this account in accordance with the provisions for road and equipment.

NOTE A—This account shall not include any items representing titles to securities.

NOTE B—Canadian lines shall include certain other lines which extend into the United States and are reported to the Interstate Commerce Commission but which, for all intents and purposes, are treated as Canadian lines. These lines are for the most part "short ends", interchange points or part of a continuous Canadian line passing through the United States due to geographical locations of termination points.

NOTE C—When the accounting company has obtained donations or grants in connection with rail transportation property, the cost of the property shall be included in this account, account No. 701, "Road and equipment property", No. 701NR, "Road and equipment property—United States lines", or No. 702NR, "Improvements on leased property—United States lines", as may be appropriate. The amount of the donation or grant shall be credited to account No. 771, "Donations and grants—railway property", or No. 771NR, "Donations and grants—railway property—United States lines", as may be appropriate.

702NR. Improvements on Leased Property—United States Lines.

This account, except in connection with the acquisition of rail transportation property as provided for in account No. 702 $\frac{1}{2}$ NR, "Acquisition adjustment—United States lines", shall include the cost of improvements made by the lessee to property of United States lines which is held under lease from others, or through control of the company owning the property, where such improvements are used by the lessee in transportation service, and the lessee is not to be reimbursed by the lessor for such improvements.

When the cost of improvements made by the lessee is to be refunded periodically during the term of the lease agreement or at the termination thereof, and provided further that in the meantime the lessor company does not include the cost of such improvements in account No. 701NR, "Road and equipment property—United States lines", the lessee shall include the cost thereof in this account.

When leased property of United States lines is retired from service this account shall be credited with the ledger value of any improvements thereto, the cost of which has been included in this account, and also with the amount representing the liability of the carrier to the lessor or owner for any property of United States lines retired that has been used in transportation service and was held under lease or through control of the company owning the property.

The carrier's records shall be kept in such manner as to show the debits and credits to this account in accordance with the provisions for road and equipment.

NOTE A—This account shall not include any items representing titles to securities.

NOTE B—Improvements made by the lessee to property of United States lines leased by one corporation from another corporation, either of which is controlled by, and form a portion of the railway system of the accounting carrier, where such improvements are used by the lessee, and the lessee is not to be reimbursed by the lessor for such improvements, shall be included in account No. 701NR, "Road and equipment property—United States lines", in the accounts of the accounting carrier.

NOTE C—This account will not include the improvements on leased property of lines defined in account No. 702, "Improvements on leased property", Note B.

NOTE D—When the lessor company includes in account No. 701NR, "Road and equipment property—United States lines", the cost of improvements made by the lessee to property leased by it from the lessor and settlement is not made at the time of the cost thereof, the lessee, pending settlement with the lessor, shall include the cost thereof in account No. 706, "Investments in affiliated companies", No. 760NR, "Investments in affiliated companies—non-rail", No. 707, "Other investments", or No. 707NR, "Other investments—non-rail", as may be appropriate.

NOTE E—When the accounting company has obtained donations or grants in connection with rail transportation property, the cost of the property shall be included in this account, account No. 701, "Road and equipment property", No. 710NR, "Road and equipment property—United States lines", or No. 702, "Improvements on leased property", as may be appropriate. The amount of the donation or grant shall be credited to account No. 771, "Donations and grants—railway property", or No. 771NR, "Donations and grants—railway property—United States lines", as may be appropriate.

702¹NR. Acquisition Adjustment—United States Lines.

This account shall be charged with the cost of a railway or portion thereof acquired since January 1, 1938, as an operating entity or system by purchase, merger, consolidation, reorganization, receivership sale or transfer, or otherwise. If the consideration or a part thereof given for the property acquired consists of securities issued by the accounting carrier, the cash value thereof for the purpose of determining the cost to be charged to this account shall be the sum of the par value of securities having par values and the stated or assigned values of no par securities as determined and approved by the Interstate Commerce Commission. Where the consideration given for the property acquired is other than cash or securities issued by the accounting carrier, such consideration shall be valued on a current cash basis.

The accounting for assets acquired and liabilities assumed shall then be as follows:

1. Assets acquired, except property includible in account No. 701NR, "Road and equipment property—United States lines", or No. 702NR, "Improvements on leased property—United States lines", and liabilities assumed shall be recorded in their appropriate accounts in the manner provided for in classification of general balance sheet accounts.

2. Property includible in primary road and equipment accounts No. 1 and No. 2 $\frac{1}{2}$ to No. 60 inclusive, and No. 72 to No. 77 inclusive, shall be recorded in those accounts at original cost or estimated original cost as found by the Bureau of Accounts, Cost Finding and Valuation, Interstate Commerce Commission.

3. In the primary road and equipment account No. 2, there shall be recorded the original cost of lands owned by predecessor carrier or carriers at basic valuation date as reported under Valuation Order No. 7, dated November 21, 1914, and included in the Interstate Commerce Commission's basic valuation reports. Any lands so reported without cost except those donated shall be estimated by the accounting company, which will be subject to verification by the Bureau of Accounts, Cost Finding and Valuation. To this shall be added the cost at the time of dedication to public use of any lands acquired since the basic valuation date.

4. In the primary road and equipment account No. 71, there shall be recorded the expenditures incident to the organization or reorganization of the accounting company.

5. The money outlay expended by a predecessor carrier or carriers for additions and betterments to property leased from other companies whose physical properties are not included in the reorganization, shall be transferred to account No. 702NR, "Improvements on leased property—United States lines", in the amounts recorded in that account on the books of the predecessor carrier or carriers.

6. The amounts thus recorded in primary accounts No. 1 to No. 77, inclusive, shall be concurrently charged to accounts No. 701NR, "Road and equipment property—United States lines", or No. 702NR, "Improvements on leased property—United States lines", as may be appropriate.

7. Balances in accounts No. 779NR, "Accrued depreciation—road and equipment—United States lines", carried on the books of the predecessor carrier or carriers as of the date of acquisition or reorganization shall be carried over and recorded in the respective accounts on the books of the accounting company. To the extent that a credit balance is available in this account, the accounting company shall credit account No. 779NR, "Accrued depreciation—road and equipment—United States lines", and charge this

account with the estimated amount by which the balance in account No. 779NR, "Accrued depreciation—road and equipment—United States lines", appears to be deficient with respect to past accrued depreciation on depreciable road property included in account No. 701NR, "Road and equipment property—United States lines".

8. This account shall concurrently be debited or credited, as may be appropriate, to offset asset and liability items recorded in accordance with the foregoing instructions.

9. To the extent that a credit balance is available in this account, if so authorized upon application to the Interstate Commerce Commission, retirement of nondepreciable property in existence at the date of acquisition or reorganization which is not replaced may be charged hereto if the loss is not assignable to operations subsequent to date of acquisition or reorganization. Other charges to this account may be made upon specific approval by the Interstate Commerce Commission.

NOTE—The accounting company shall be prepared to furnish the Interstate Commerce Commission with a full report of the contract of organization and a statement showing in detail the consideration given for the property acquired. It shall procure in connection with the organization all existing records, memoranda and accounts in possession or control of the grantor relating to construction and improvement of the property acquired and shall preserve such records, memoranda and accounts until authorized by law to destroy or otherwise dispose of them.

Where the records, memoranda and accounts are so involved with other records, memoranda and accounts of the grantor as to make this transfer impracticable, certified copies shall be procured and retained by the accounting company; the verity of the copies should be certified by the custodian of the originals.

703. Securities of Leased Railway Companies.

This account shall include the ledger value of the accounting company's investment in securities of railway companies whose properties are operated as an integral part of the Canadian rail transportation system of the accounting company by reason of leasehold arrangements.

704. Capital and Other Reserve Funds.

(a) This account shall include cash and the ledger value of other assets held by trustees or by the accounting company's treasurer when segregated in distinct funds which are applicable to the Canadian rail transportation of the carrier, and have been:

(1) realized from the sale of equipment obligations or other long term obligations and not yet applied toward the specific purposes for which the obligations were incurred and,

(2) set aside in accordance with governmental, mortgage, or contractual requirements in connection with reorganizations or otherwise. This account shall also include funds deposited with trustees to be held until mortgaged property sold is replaced.

(b) An appropriate record shall be maintained for securities issued or assumed by the accounting company and held in funds, identifying those that are nominally issued or nominally outstanding.

NOTE A—The ledger value of assets of the character indicated in paragraph (a) (2) above, shall be transferred to the appropriate current asset account when the assets are definitely assigned in advance of expenditure to the payment of interest or other current liabilities payable within one year.

NOTE B—Bank deposits subject to current withdrawal for specific purposes only, shall be included in account No. 711, "Special deposits". Deposits available for general company purposes shall be included in account No. 708, "Cash".

704NR. Capital and Other Reserve Funds—Non-Rail.

(a) This account shall include cash and the ledger value of other assets held by trustees or by the accounting company's treasurer when segregated in distinct funds which are applicable to the non-rail operations of the carrier, and have been:

(1) realized from the sale of equipment obligations or other long term obligations and not yet applied toward the specific purposes for which the obligations were incurred and,

(2) set aside in accordance with governmental, mortgage, or contractual requirements in connection with reorganizations or otherwise. This account shall also include funds deposited with trustees to be held until mortgaged property sold is replaced.

(b) An appropriate record shall be maintained for securities issued or assumed by the accounting company and held in funds, identifying those that are nominally issued or nominally outstanding.

NOTE A—The ledger value of assets of the character indicated in paragraph (a) (2) above, shall be transferred to the appropriate current asset account when the assets are definitely assigned in advance of expenditure to the payment of interest or other current liabilities payable within one year.

NOTE B—Bank deposits subject to current withdrawal for specific purposes only, shall be included in account No. 711, "Special deposits". Deposits available for general company purposes shall be included in account No. 708, "Cash".

705NR. Non-Rail Property.

This account shall include the accounting carrier's investment in physical property other than property assignable to accounts No. 701, "Road and equipment property", No. 701NR, "Road and equipment property—United States lines", No. 702, "Improvements on leased property", and No. 702NR, "Improvements on leased property—United States lines", including hotels, restaurants, power plants, steamships, etc., which are not operated by the accounting carrier or another carrier in connection with its rail transportation service.

Items of Investment

(See general instructions, section 10)

Agricultural, mineral, timber and
other lands
Coal and other mines
Commercial power plants
Hotels
Lands and buildings not used in rail
transportation service
Lands and other property acquired and
held in anticipation of future use
other than in connection with rail
transportation service
Office buildings (off-line)

Rails and other track material leased
to others
Restaurants not situated at the
carrier's stations
Saw mills and other manufacturing
plants not operated in connection
with rail transportation service
Steamships not operated in connection
with rail transportation service
Warehouses and stockyards operated
primarily as a service to the
public

NOTE A—Office buildings not situated at the carrier's stations which are occupied primarily by rail transportation employees shall be included in account No. 701, "Road and equipment property", or No. 701NR, "Road and equipment property—United States lines".

NOTE B—When any property carried in this account is sold, the net profit or loss shall be credited to account No. 607, "Other credits", or debited to account No. 621, "Other charges", as may be appropriate. When such sales are made on an instalment basis the sales price or the difference between the sales price and any down-payment shall be recorded in account No. 712, "Deferred payments on contracts".

706. Investments in Affiliated Companies.

This account shall include the ledger value of the accounting company's investment in securities issued or assumed by affiliated companies (except those whose properties are leased by the accounting company) considered to be an integral part of the Canadian rail transportation system of the carrier, other than securities held in special deposits or special funds; also investment advances made to such affiliated companies. (See general instructions, sections 10 and 16)

This account shall be maintained in such manner as to show each of the following classes of investment in each affiliated company:

- (a) Stocks
- (b) Bonds
- (c) Other secured obligations
- (d) Unsecured notes
- (e) Investment advances

A complete record of securities pledged shall be maintained so that the ledger value of securities pledged and unpledged may be shown separately in the Annual Report to the Board of Transport Commissioners.

NOTE A—Accounts with affiliated companies which are subject to current settlement, if their collection is reasonably assured, shall be classed as current assets, but if settlement is deferred beyond one year such items shall be transferred to account No. 722, "Other deferred assets".

NOTE B—The term affiliated companies includes:

1. Controlled companies, including companies solely controlled by the accounting company, and also companies jointly controlled by the accounting company and others under a joint arrangement.
2. Controlling companies, including both companies solely controlling the accounting company, and companies which jointly control the accounting company under a joint arrangement.
3. Companies controlled by controlled companies.
4. Companies controlled by controlling companies.

By control is meant the ability to determine the action of a corporation. For the purposes of this account, the following are to be considered forms of control:

- (a) Right through title to securities issued or assumed to exercise the major part of the voting power in the controlled corporation.
- (b) Right through agreement of some character or through some source other than title to securities, to name the majority of the board of directors, managers, or trustees of the controlled corporation.
- (c) Right to foreclose a first lien upon all or a major part in value of the tangible property of the controlled corporation.
- (d) Right to secure control in consequence of advances made for construction of the operating property of the controlled corporation.
- (e) Right to control only in a specific respect the action of the controlled corporation.

A leasehold interest in the property of a corporation is not to be classed as a form of control over the lessor corporation.

Sole control is that which rests in one corporation.

Joint control is that which rests in two or more corporations and which is held under a joint arrangement.

NOTE C—The value of securities borrowed by the accounting company and pledged shall not be included in this account.

NOTE D—The value of securities pledged for purposes other than that of security for funded debt or short term loans shall be included in account No. 704, "Capital and other reserve funds", or No. 721, "Insurance and other funds", as may be appropriate.

NOTE E—The ledger value of the accounting company's investment in securities of railway companies whose properties are operated as an integral part of the Canadian rail transportation system of the accounting company by reason of leasehold arrangements shall be included in account No. 703, "Securities of leased railway companies".

706NR. Investments in Affiliated Companies—Non-Rail.

This account shall include the ledger value of the accounting company's investment in securities issued or assumed by affiliated companies, not considered to be an integral part of the Canadian rail transportation system of the carrier, other than securities held in special deposits or special funds; also investment advances made to such affiliated companies. (See general instructions, sections 10 and 16)

This account shall be maintained in such manner as to show each of the following classes of investment in each affiliated company:

- (a) Stocks
- (b) Bonds
- (c) Other secured obligations
- (d) Unsecured notes
- (e) Investment advances

A complete record of securities pledged shall be maintained so that the ledger value of securities pledged and unpledged may be shown separately in the Annual Report to the Board of Transport Commissioners.

NOTE A—Accounts with affiliated companies which are subject to current settlement, if their collection is reasonably assured, shall be classed as current assets, but if settlement is deferred beyond one year such items shall be transferred to account No. 722, "Other deferred assets".

NOTE B—The term affiliated companies includes:

1. Controlled companies, including companies solely controlled by the accounting company, and also companies jointly controlled by the accounting company and others under a joint arrangement.
2. Controlling companies, including both companies solely controlling the accounting company, and companies which jointly control the accounting company under a joint arrangement.
3. Companies controlled by controlled companies.
4. Companies controlled by controlling companies.

By control is meant the ability to determine the action of a corporation. For the purposes of this account, the following are to be considered forms of control:

- (a) Right through title to securities issued or assumed to exercise the major part of the voting power in the controlled corporation.
- (b) Right through agreement of some character or through some source other than title to securities, to name the majority of the board of directors, managers, or trustees of the controlled corporation.
- (c) Right to foreclose a first lien upon all or a major part in value of the tangible property of the controlled corporation.
- (d) Right to secure control in consequence of advances made for construction of the operating property of the controlled corporation.
- (e) Right to control only in a specific respect the action of the controlled corporation.

A leasehold interest in the property of a corporation is not to be classed as a form of control over the lessor corporation.

Sole control is that which rests in one corporation.

Joint control is that which rests in two or more corporations and which is held under a joint arrangement.

NOTE C—The value of securities borrowed by the accounting company and pledged shall not be included in this account.

NOTE D—The value of securities pledged for purposes other than that of security for funded debt or short term loans shall be included in account No. 704NR, "Capital and other reserve funds—non-rail", or No. 721NR, "Insurance and other funds—non-rail", as may be appropriate.

707. Other Investments.

This account shall include the ledger value of the accounting company's investment in securities issued or assumed by non-affiliated companies (except those whose properties are leased by the accounting company) considered to be an integral part of the Canadian rail transportation system of the carrier other than securities held in special deposits or special funds; also investment advances made to such non-affiliated companies and individuals. (See general instructions, section 16)

This account shall be maintained in such manner as to show each of the following classes of investment in each non-affiliated company:

- (a) Stocks
- (b) Bonds
- (c) Other secured obligations
- (d) Unsecured notes
- (e) Investment advances

A complete record of securities pledged shall be maintained so that the ledger value of securities pledged and unpledged may be shown separately in the Annual Report to the Board of Transport Commissioners.

NOTE A—Accounts with non-affiliated companies which are subject to current settlement, if their collection is reasonably assured, shall be classed as current assets, but if settlement is deferred beyond one year such items shall be transferred to account No. 722, "Other deferred assets".

NOTE B—The term non-affiliated companies includes all companies other than those defined as affiliated in Note B of account No. 706, "Investments in affiliated companies".

NOTE C—The value of securities borrowed by the accounting company and pledged shall not be included in this account.

NOTE D—The value of securities pledged for purposes other than that of security for funded debt or short term loans shall be included in accounts No. 704, "Capital and other reserve funds", or No. 721, "Insurance and other funds", as may be appropriate.

707NR. Other Investments—Non-Rail.

This account shall include the ledger value of the accounting company's investment in securities issued or assumed by non-affiliated companies not considered to be an integral part of the Canadian rail transportation system of the carrier, other than securities held in special deposits or special funds; also investment advances made to such non-affiliated companies and individuals. (See general instructions, section 16)

This account shall be maintained in such manner as to show each of the following classes of investment in each non-affiliated company:

- (a) Stocks
- (b) Bonds
- (c) Other secured obligations
- (d) Unsecured notes
- (e) Investment advances

NOTE A—Accounts with non-affiliated companies which are subject to current settlement, if their collection is reasonably assured, shall be classed as current assets, but if settlement is deferred beyond one year such items shall be transferred to account No. 722, "Other deferred assets".

NOTE B—The term non-affiliated companies includes all companies other than those defined as affiliated in Note B of account No. 706, "Investments in affiliated companies".

NOTE C—The value of securities borrowed by the accounting company and pledged shall not be included in this account.

NOTE D—The value of securities pledged for purposes other than that of security for funded debt or short term loans shall be included in accounts No. 704, "Capital and other reserve funds", or No. 721, "Insurance and other funds", as may be appropriate.

708. Cash.

This account shall include money, cheques, sight drafts, and sight bills of exchange in the hands of the accounting company's financial officers and agents, or in transit from its agents and conductors for which such agents and conductors have received credit. It shall include also, deposits with banks and trust companies available for use on demand, savings accounts subject to the usual clause reserving the right to defer payment for a specified number of days, and time deposits with banks and trust companies.

An analysis of this account shall be maintained in the following sub-accounts:

- (a) Cash—on hand
- (b) Cash—time deposits

709. Temporary Cash Investments.

This account shall include the cost of securities and other collectible obligations acquired for the purpose of temporarily investing cash, such as marketable securities, time drafts receivable, demand loans, time loans, and other similar investments of a temporary character.

711. Special Deposits.

This account shall include the unexpended balances in funds deposited specifically for the payment of dividends, interest, and other current liabilities, also other deposits subject to current withdrawal for specific purposes only.

NOTE—Deposits available for general company purposes shall be included in account No. 708, "Cash".

712. Deferred Payments on Contracts.

This account shall include the balance owing from the sale of property when such sales are made on an instalment basis.

713. Traffic Accounts Receivable.

This account shall include the balances receivable from other companies in the accounts representing interline freight, passenger, and baggage revenues, and charges for equipment interchanged on a per diem or a mileage basis.

NOTE A—The amount to be entered in this account is not the net balance between this account and account No. 759, "Traffic accounts payable", but the net balances receivable from individual companies shall be included herein.

NOTE B—The amount to be entered in this account in the carrier's Annual Report to the Board of Transport Commissioners shall be stated in accordance with the text of this account. For convenience in accounting the carrier may maintain currently separate subaccounts under the following captions:

- 713 (a) Interline freight, balance
- 713 (b) Interline passenger, balance
- 713 (c) Interline baggage, balance
- 713 (d) Equipment interchanged, balance
- 713 (e) Interline express, balance

714. Agent and Conductor Balances.

This account shall include the balance due in current accounts from agents, from train, sleeping car, and dining car conductors, and from train collectors, train auditors, porters, and other employees and representatives charged with the collection or custody of current revenues. (See general instructions, section 18)

NOTE A—Amounts advanced to general and special agents as working funds shall not be included in this account but in account No. 720, "Working fund advances".

NOTE B—The amount to be entered in this account is not the net balance between this account and the total amount payable to agents and conductors included in account No. 761, "Other accounts payable", but net balances receivable from individual agents and conductors shall be included herein.

715. Other Accounts Receivable.

This account shall include amounts due in audited accounts considered collectible, such as those due from the Government of Canada or other governments for the transportation of mails and government property, and from other express companies for express facilities furnished under contract; amounts due from other carriers on account of freight claims paid; miscellaneous bills against other railway companies, corporations, firms and individuals, and other similar items.

This account shall also include the book value of all collectible obligations in the form of demand or time loans and bills receivable, or other similar evidence (except interest coupons) of money receivable within a time not exceeding one year from date of issue. (See general instructions, section 18)

NOTE A—The amount to be entered in this account is not the net balance between this account and account No. 761, "Other accounts payable", but net balances receivable from individual governments or companies shall be included herein.

NOTE B—Obligations held as investments which mature more than one year after date of issue shall be included in account No. 706, "Investments in affiliated companies", No. 706NR, "Investments in affiliated companies—non-rail", No. 707, "Other investments", or No. 707NR, "Other investments—non-rail", as may be appropriate.

NOTE C—Loans and bills receivable acquired for the purpose of temporarily investing cash shall be included in account No. 709, "Temporary cash investments".

715A. Government of Canada Due on Deficit Account.

This account shall include the balance receivable from the Government of Canada on account of losses incurred to the extent that such losses are guaranteed by the Government.

716. Material and Supplies.

This account shall include the balances representing the cost, less depreciation, if any, of unapplied material, such as road and shop material, articles in process of manufacture by the accounting company, fuel, stationery, and dining car and other supplies. In determining the cost of material and supplies suitable allowance shall be made for any discounts allowed in the purchase thereof.

NOTE—Balances representing the cost of unapplied construction material and supplies located at the point of use, which have been purchased specifically for projected new roads and extensions, are provided for in road account No. 47, "Unapplied construction material and supplies".

717. Interest and Dividends Receivable.

This account shall include the amount of interest accrued to the date of the balance sheet on bonds owned and on loans made and the amount of dividends declared on stocks owned. (See general instructions, section 18)

NOTE A—No amount representing interest receivable shall be included in this account unless its payment is reasonably assured by past experience or otherwise.

NOTE B—No dividends or other returns on securities issued or assumed by the accounting company shall be included in this account.

NOTE C—If settlement of amounts included in this account is not made when due either in cash or with other tangible assets of equal money value, such amounts shall be cleared from this account and charged to the income account originally credited (subject to general instructions, section 19). If notes are taken in settlement of amounts included in this account, the amounts thereof shall be charged to account No. 715, "Other accounts receivable", or account No. 722, "Other deferred assets", as may be appropriate (see general instructions, section 18) but such amounts shall not be credited to income (or if previously credited to income shall be cleared therefrom as provided in the first sentence of this note), unless inclusion therein is justified by the current asset position of the obliger. If such notes are of doubtful value, the amount at which they are charged to account No. 722, "Other deferred assets", in accordance with section 18 of general instructions, shall be credited to account No. 778, "Other unadjusted credits", and income shall not be credited until payment is received, and then only with the amount collected. If long term notes are taken in settlement of current assets, the credit to income shall be cancelled and account No. 722, "Other deferred assets", shall be charged with their true values, and a like sum shall be credited to account No. 778, "Other unadjusted credits".

719. Other Current Assets.

This account shall include estimates of all unaudited current items receivable by the carrier to the date of the balance sheet, including those which are creditable to revenue expense, or income accounts.

It shall include asset items not includible in any of the other current asset accounts that have been advanced beyond the stage of deferred assets. (See general instructions, section 18)

Examples, without limitation, of items to be accrued:

Rents receivable under leases which are not includible in account No. 715, "Other accounts receivable". (See Note C to account No. 717, "Interest and dividends receivable".)

Amounts receivable from others for unreported interline traffic.

Amounts receivable from others for use of facilities, including equipment, for which bills have not been rendered.

Amounts receivable from others for services for which bills have not been rendered.

720. Working Fund Advances.

This account shall include amounts advanced to general and special agents, and to other officers and employees, as working funds from which certain expenditures are to be made and accounted for. It also includes advances to fast freight lines and to demurrage and other bureaus.

721. Insurance and Other Funds.

This account shall include the amount of cash and the ledger value of securities of other companies and other assets which are in the hands of trustees or managers of insurance, employees' pension, savings, relief, hospital, and other funds which have been raised and specifically set aside or invested for specific purposes not provided for elsewhere; also the par value of capital stock (or with respect to no par stock, the amounts recorded in account No. 751, "Capital stock") or the ledger value of other securities issued or assumed by the accounting company and held in such funds when applicable to the Canadian rail transportation operations of the carrier. A separate account shall be kept for each fund.

NOTE A—Capital and other reserve funds are provided for in account No. 704, "Capital and other reserve funds".

NOTE B—This account shall not include funds held by the accounting company solely as trustee and in which it has no beneficial interest.

NOTE C—Bank deposits subject to current withdrawal for specific purposes only shall be included in account No. 711, "Special deposits". Deposits available for general company purposes shall be included in account No. 708, "Cash".

721NR. Insurance and Other Funds—Non-Rail.

This account shall include the amount of cash and the ledger value of securities of other companies and other assets which are in the hands of trustees or managers of insurance, employees' pension, savings, relief, hospital, and other funds which have been raised and specifically set aside or invested for specific purposes not provided for elsewhere; also the part value of capital stock (or with respect to no par stock, the amounts recorded in account No. 751, "Capital stock") or the ledger value of other securities issued or assumed by the accounting company and held in such funds when applicable to the non-rail operations of the carrier. A separate account shall be kept for each fund.

NOTE A—Capital and other reserve funds are provided for in account No. 704NR, "Capital and other reserve funds—non-rail".

NOTE B—This account shall not include funds held by the accounting company solely as trustee and in which it has no beneficial interest.

NOTE C—Bank deposits subject to current withdrawal for specific purposes only shall be included in account No. 711, "Special deposits". Deposits available for general company purposes shall be included in account No. 708, "Cash".

722. Other Deferred Assets.

This account shall include the estimated value of salvage recoverable from property retired when the recovery of the salvage is deferred for any reason; also items of a current character but of doubtful value; and all other deferred items not covered by account No. 720, "Working fund advances" or No. 721, "Insurance and other funds" or No. 721NR, "Insurance and other funds—non-rail". (See general instructions, section 18)

723. Prepayments.

This account shall include the balances in the accounts representing pre-paid rents chargeable to the appropriate rent accounts as the term is consumed for which the rents are paid; also interest and insurance premiums paid in advance of their accrual, which are to be apportioned and charged as they accrue, to the appropriate accounts.

725. Discount on Funded Debt.

This account shall include the total of the net debit balances in the discount, commissions and premium accounts for the several subclasses of funded debt. (See general instructions, section 17)

727. Other Unadjusted Debits.

This account shall include the amount of debit balances in suspense accounts that cannot be cleared and disposed of until additional information is received, such as freight claims paid when found to be correct, but in advance of investigation with other carriers; debit balances in clearing accounts, such as "Shop expenses", "Store expenses", "Operations of gravel pits", and "Operation of quarries", unextinguished discount on short term notes; unadjusted debit items not otherwise provided for and similar items the proper disposition of which is uncertain.

II. CREDITS.

751. Capital Stock.

This account shall include the total par value of par value stock, and the total amount paid in for stock without par value, for all shares of capital stock or other form of proprietary interest in the accounting company which have been issued to bona fide purchasers and have not been reacquired and cancelled, also shares of stock nominally issued, and reacquired shares which have not been cancelled.

Appropriations of retained income which have been transferred to no par stock account shall also be included. The amount of the consideration received from the sale of par value stock in excess of the amount credited to this account or any discount suffered shall be included in account No. 753, "Premium on capital and debenture stock", or account No. 754, "Discount on capital and debenture stock", as applicable. (See general instructions, section 17)

When capital stock is retired or cancelled, this account shall be charged with the amount at which such stock is carried in this account. In the case of no par stock the amount to be charged hereto shall be the proportion, applicable

to the reacquired shares immediately prior to reacquisition, of the total book liability included herein of actually outstanding shares of the particular class and series of stock of which the reacquired shares are a part.

The amounts included in this account shall be recorded so as to show the par value of shares of par value stock and amount paid in for shares of no par stock issued and actually outstanding.

The amounts included herein shall be further divided so as to show the amount of each class of stock issued, separated as between par value and no par value stock, as follows:

- (a) Common Stock—Stocks which have no preference over other issues of stock in distribution of dividends or of assets.
- (b) Preferred Stock—Stocks having preference over other issues of stock in distribution of dividends or of assets.
- (c) Receipts Outstanding for Instalments Paid—Receipts for payments on account of subscriptions to capital stock.

When the subscriber has paid his subscription in full and is entitled to receive certificates representing the shares for which he has subscribed, the par value of stocks having par value or the agreed purchase price for stock without par value shall be included in the division appropriate for the class for which the certificates are issued.

Each of the above classes shall also be divided into subclasses according to differences in dividend or interest rights, voting rights, or conditions under which the securities may be retired.

NOTE A—When capital stock having par value is exchanged for capital stock without par value any sums resting in either account No. 753, "Premium on capital and debenture stock" or account No. 754, "Discount on capital and debenture stock" with respect thereto shall be cleared to account No. 751, "Capital stock".

NOTE B—An appropriate record shall be maintained with respect to shares of capital stock showing the number of shares actually issued actually outstanding, nominally issued and nominally outstanding.

NOTE C—For the purpose of the balance sheet statement capital stock is considered to be nominally issued when certificates are signed and sealed and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the accounting company. It is considered to be *actually issued* when it has been sold to a bona fide purchaser for a valuable consideration, and such purchaser holds it free from all control by the accounting company. All capital stock actually issued and not reacquired by and held for or by the accounting company is considered to be *actually outstanding*. If reacquired by or for the accounting company under such circumstances as require it to be considered as held alive and not cancelled or retired, it is considered to be nominally outstanding.

NOTE D—In cases where capital stock has been issued by the accounting company as collateral security for any of its long term debt, short term loans or for other purposes the total amount of capital stock included in this account shall be shown on the balance sheet in the short column and the amount so pledged shall be deducted therefrom and the balance carried to the main column.

751A. Capital Expenditures by Government of Canada on Canadian Government Railways.

This account will record the amount of the capital expenditures made by the Government of Canada on Canadian Government railways which are included in the net debt of Canada.

752. Debenture Stock.

This account shall include the total par value, and the total amount paid in for stock without par value, of stocks issued under a mortgage or other form of contract to pay a specified return at stated intervals, in perpetuity or otherwise, issued to bona fide purchasers and which has not been reacquired and cancelled, also shares of stock issued either for collateral or other purposes and reacquired shares which have not been cancelled.

The amount of the consideration received from the sale of par value stock in excess of the amount credited to this account or any discount suffered shall be included in account No. 753, "Premium on capital and debenture stock", or account No. 754, "Discount on capital and debenture stock", as applicable. (See general instructions, Section 17)

When debenture stock is retired or cancelled, this account shall be charged with the amount at which such stock is carried in this account.

NOTE A—An appropriate record shall be maintained with respect to shares of debenture stock showing the number of shares actually issued, actually outstanding, nominally issued as collateral and nominally outstanding.

NOTE B—For the purpose of the balance sheet statement debenture stock is considered to be nominally issued when certificates are signed and sealed and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the accounting company. It is considered to be *actually issued* when it has been sold to a bona fide purchaser for a valuable consideration, and such purchaser holds it free from all control by the accounting company. All debenture stock actually issued and not reacquired by and held for or by the accounting company is considered to be *actually outstanding*. If reacquired by or for the accounting company under such circumstances as require it to be considered as held alive and not cancelled or retired, it is considered to be nominally outstanding.

NOTE C—In cases where debenture stock has been issued by the accounting company as collateral security for any of its long term debt, short term loans or for other purposes, the total amount of debenture stock included in this account shall be shown on the balance sheet in the short column and the amount so pledged shall be deducted therefrom and the balance carried to the main column.

753. Premium on Capital and Debenture Stock.

This account shall include the net excess of the actual cash value (at the time of the sale of the stock) of the consideration received over the amounts recorded in account No. 751, "Capital stock", and account No. 752, "Debenture stock" for par value stock plus accrued dividends, if any, and the discount suffered in the issuance and sale of capital and debenture stock.

When capital or debenture stock is retired and cancelled, the amount in this account with respect to the shares of such stock retired and cancelled shall be charged or credited hereto.

Record supporting the entries of this account shall be kept to show separately the (a) premium received and (b) discount suffered on each subclass of capital or debenture stock. See general instructions, section 17)

754. Discount on Capital and Debenture Stock.

This account shall include the net excess of discount suffered in the issuance and sale of capital and debenture stock over the excess of the actual cost value (at the time of the sale of the stock) of the consideration received over the amounts recorded in account No. 751, "Capital stock", and account No. 752, "Debenture stock" for par value stock plus accrued dividends, if any.

When capital or debenture stock is retired and cancelled, the amount in this account with respect to the shares of such stock retired and cancelled shall be charged or credited hereto.

Record supporting the entries of this account shall be kept to show separately the (a) premium received and (b) discount suffered on each subclass of capital or debenture stock. (See general instructions, section 17)

755. Funded Debt.

There shall be included in this account the total par value of unmatured debt (other than equipment obligations), maturing more than one year from date of issue, issued by the accounting company and not retired or cancelled, and the total par value of similar unmatured debt of other companies, the payment of which has been assumed by the accounting company.

The amounts included in this account shall be divided so as to show the par value of (1) certificates or other evidences of funded debt (pledged and unpledged) held in the company's treasury, by its agents or trustees, or otherwise subject to its control, and (2) certificates or other evidences of funded debt issued and actually outstanding, being those not held by the company, its agents or trustees, or subject to its control.

The amounts included herein shall be further divided so as to show the amount of each class of funded debt, as follows:

(a) Mortgage Bonds—Bonds secured by lien on physical property and not includible in the other subdivisions of this account.

(b) Collateral Trust Bonds—Bonds and notes secured by a lien on securities or other negotiable paper; and stock trust certificates that are similar in character to collateral trust bonds.

(c) Income Bonds—Bonds which are a lien on a carrier's revenue alone, or bonds which, while being a lien on its property and franchises, can claim payment of interest only if interest is earned.

(d) Miscellaneous Obligations—All funded obligations not provided for by the other subdivisions of this account, also notes, unsecured certificates of indebtedness, debenture bonds, plain bonds, real estate mortgages executed or assumed and other similar obligations maturing more than one year from date of issue, but excluding liabilities for assessments for public improvements and those evidenced by conditional or deferred equipment purchase contracts for which provision is made in account No. 770, "Other deferred liabilities", and account No. 756½, "Equipment obligations", respectively.

(e) Receipts Outstanding for Funded Debt—Receipts for payments on account of funded debt. When certificates are issued for amounts so paid, the par value shall be included in the account covering the class of funded debt for which the certificates are issued.

(f) Convertible Bonds—Bonds which may be converted into capital stock of the company, according to the agreement under which they are issued.

Each of the above classes shall also be divided into subclasses according to differences in mortgage or other lien or security therefor, rate of interest, interest dates, or date of maturity. Parts of any issue agreeing in other characteristics but maturing serially may be treated as of the same subclass.

NOTE A—Securities (other than equipment obligations) maturing one year or less from date of issue shall be included in accounts No. 757, "Amounts payable to affiliated companies", or No. 758, "Loans and bills payable", except that where an

issue of securities maturing serially over a period of years contains short term obligations such obligations may be included as funded debt. Matured funded debt shall be included in account No. 768, "Other current liabilities" if provision has been made for current settlement. If no provision has been made for current settlement, matured funded debt shall be included in account No. 755½, "Debt in default" except that when the collection of matured funded debt of affiliated companies is not enforced by controlling companies, the principal amount (to the extent held by a controlling company) shall be included in account No. 757, "Amounts payable to affiliated companies".

NOTE B—Non-negotiable notes having a maturity of more than one year after date of issue, held by affiliated companies, shall be included in account No. 757, "Amounts payable to affiliated companies".

NOTE C—The total of the amounts included in this account which are payable within one year from the date of the balance sheet shall be indicated either on the balance sheet, or by a footnote or a schedule thereto.

NOTE D—For the purposes of the balance sheet statement funded debt securities are considered to be actually issued when they have been sold to a bona fide purchaser for valuable consideration, and such purchaser holds them free from all control by the accounting company. All funded debt securities actually issued and not reacquired held by or for the accounting company are considered to be actually outstanding.

NOTE E—In cases where funded debt has been issued by the accounting company as collateral security for any purpose the total amount of funded debt included in this account shall be shown on the balance sheet in the short column and the amount so pledged shall be deducted therefrom and the balance carried to the main column.

755A. Loans from Government of Canada—Long Term.

This account shall include all loans received from the Government of Canada maturing more than one year from the date of issue or any such loans made for an indefinite period.

NOTE—The total of the amounts included in this account which are payable within one year from the date of the balance sheet shall be indicated either on the balance sheet, or by a footnote or a schedule thereto.

755½. Debt in Default.

This account shall include amounts transferred from other accounts representing matured funded securities or obligations, equipment obligations and short term notes, when maturity dates of such obligations have not been extended.

NOTE A—The principal amount of matured funded debt of affiliated companies the collection of which is not enforced by the controlling company shall (to the extent of the principal amount held by the controlling company) be included in account No. 757, "Amounts payable to affiliated companies".

NOTE B—The principal amount of unrepresented funded debt obligations which have matured, and for which provision has been made for payment shall be included in account No. 768, "Other current liabilities".

756½. Equipment Obligations.

This account shall include the par value of equipment securities and the principal amount of contractual obligations including those maturing serially or payable in instalments over a period of more than one year.

The amounts included herein shall be divided as follows:

- (a) Principal amount of equipment securities including those maturing serially, issued or assumed by the accounting company.

- (b) Principal sums of obligations for equipment purchased under conditional or deferred payment contracts, which may be legally entered into or assumed by the accounting company.

NOTE—The total of the amounts included in this account which are payable within one year from the date of the balance sheet shall be indicated either on the balance sheet, or by a footnote or a schedule thereto.

757. Amounts Payable to Affiliated Companies.

This account shall include the par value of non-negotiable notes issued to affiliated companies, matured funded debt of affiliated companies held by controlling companies where there is no agreement for an extension as to time of payment and collection of the principal is not enforced, credit balances in open accounts with such companies other than credit balances in current accounts classable as current liabilities, and interest accrued on notes, matured funded debt of affiliated companies and open accounts included in this account, when such interest is not subject to current settlements.

This account shall be divided:

- (a) Notes, including herein not only non-negotiable notes that run longer than a term of one year, but also such notes payable on demand or within one year from the date of issue when it is mutually agreed that the notes shall not be enforced as current assets by the holder.
- (b) Par value of matured funded debt of affiliated companies held by controlling companies where there is no agreement for an extension of time and collection is not enforced.
- (c) Open accounts not subject to current settlement.
- (d) Interest accrued on amounts included in this account when not subject to current settlements.

NOTE A—Accounts with affiliated companies which are subject to current settlements, such as traffic and car service balances, charges for material and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities, as may be appropriate.

NOTE B—No item shall be included in this account which is not known to be the property of an affiliated company.

NOTE C—The term affiliated companies includes:

- 1. Controlled companies, including companies solely controlled by the accounting company and also companies jointly controlled by the accounting company and others under a joint arrangement.
- 2. Controlling companies, including both companies solely controlling the accounting company, and companies which jointly control the accounting company under a joint arrangement.
- 3. Companies controlled by controlled companies.
- 4. Companies controlled by controlling companies.

By control is meant the ability to determine the action of a corporation. For the purposes of this account, the following are to be considered forms of control:

- (a) Right through title to securities issued or assumed to exercise the major part of the voting power in the controlled corporation.
- (b) Right through agreement of some character or through some source other than title to securities, to name the majority of the board of directors, managers, or trustees of the controlled corporation.
- (c) Right to foreclose a first lien upon all or a major part in value of the tangible property of the controlled corporation.

- (d) Right to secure control in consequence of advances made for construction of the operating property of the controlled corporation.
- (e) Right to control only in a specific respect the action of the controlled corporation.

A leasehold interest in the property of a corporation is not to be classed as a form of control over the lessor corporation.

Sole control is that which rests in one corporation.

Joint control is that which rests in two or more corporations and which is held under a joint arrangement.

758. Loans and Bills Payable.

This account shall include the balances representing obligations outstanding in the form of loans and bills payable or other similar evidences (except interest coupons) of indebtedness payable on demand or within a time not exceeding one year from date of issue, other than loans from the Government of Canada.

This account shall be kept in such form so as to show separately the amounts of notes payable within one year from date of issue that are secured by collateral.

NOTE A—This account shall not include obligations which mature more than one year after date of issue, or demand or short term notes issued to affiliated companies and includible in account No. 757, "Amounts payable to affiliated companies".

NOTE B—Loans from the Government of Canada which mature within one year from the date of issue shall be included in account No. 758A, "Loans from Government of Canada—current liabilities".

758A. Loans from Government of Canada—Current Liabilities.

This account shall include loans from the Government of Canada which mature within one year from the date of issue.

759. Traffic Accounts Payable.

This account shall include the balances payable to other companies in the accounts representing interline freight, passenger, and baggage revenues, and charges for equipment interchanged on a per diem or a mileage basis.

NOTE A—The amount to be entered in this account is not the net balance between this account and account No. 713, "Traffic accounts receivable", but the net balances payable to individual companies shall be included herein.

NOTE B—The amount to be entered in this account in the carrier's Annual Report to the Board of Transport Commissioners shall be stated in accordance with the text of this account. For convenience in accounting the carrier may maintain currently separate subaccounts under the following captions:

- 759 (a) Interline freight, balance
- 759 (b) Interline passenger, balance
- 759 (c) Interline baggage, balance
- 759 (d) Equipment interchanged, balance
- 759 (e) Interline express, balance

760. Audited Accounts and Wages Payable.

This account shall include the amount of audited vouchers or accounts and audited payrolls unpaid on the date of the balance sheet. It shall include balances representing unclaimed wages and outstanding pay and time or discharge cheques issued in payment of wages and all other unpaid vouchered items.

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THE BOARD OF TRANSPORT COMMISSIONERS FOR CANADA

INTERIM REPORT

To His Excellency The Governor General in Council

on

**THE EQUALIZATION
OF FREIGHT RATES**

Tabled in the House of Commons by the Minister of Transport,
the Hon. GEORGE C. MARLER
on Tuesday, May 3rd, 1955

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955

Dated at Ottawa,
March 25th, 1955.

THE BOARD OF TRANSPORT COMMISSIONERS FOR CANADA

Interim Report to His Excellency the Governor General in Council on the Equalization of Freight Rates

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The Board of Transport Commissioners for Canada

OTTAWA, March 25, 1955

To His Excellency the Governor General in Council

MAY IT PLEASE YOUR EXCELLENCY:

I have the honour to hand you herewith an interim report of the Board of Transport Commissioners, pursuant to the Order in Council of April 7, 1948, P.C. 1487, and pursuant to the subsequent legislation enacted on the same subject matter of Equalization of Freight Rates, being Section 336 of the Railway Act, R.S. 1952, Chapter 234, a copy of each of which is hereto attached.

Your obedient servant,

JOHN D. KEARNEY

*Hon. Mr. Justice John D. Kearney,
Chief Commissioner.*

P.C. 1487

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 7th April, 1948.

The Committee of the Privy Council have had before them Order No. 70425 of the Board of Transport Commissioners for Canada of March 30th, 1948, providing for certain increases in freight rates and charges by railway companies and express companies, as set out in detail in the said Order.

The Committee observe that no general investigation of freight rates has been made in Canada since that conducted in 1925 by the Board of Railway Commissioners for Canada under direction of Order in Council P.C. 886 of June 5th, 1925.

The Committee further observe that in the said Order in Council it was stated that "the policy of equalization of freight rates should be recognized to the fullest possible extent as being the only means of dealing equitably with all parts of Canada and as being the method best calculated to facilitate the interchange of commodities between the various portions of the Dominion as well as the encouragement of industry and agriculture and the development of export trade."

The Committee also observe that since decision was rendered upon the investigation referred to in the preceding paragraphs, namely by judgments of the said Board of September, 1927, many changes have taken place in the economy of Canada and it is therefore advisable that the Board of Transport

Commissioners for Canada be directed to make a thorough investigation of the rates structure of railways and railway companies which are under the jurisdiction of Parliament, with a view to the establishment of a fair and reasonable rates structure which will, under substantially similar circumstances and conditions, be equal in its application to all persons and localities so as to permit the freest possible interchange of commodities between the various provinces and territories of Canada and the extension of Canadian trade both foreign and domestic, having due regard to the needs of agriculture and other basic industries.

The Committee, accordingly, advise that the Board of Transport Commissioners for Canada be directed to undertake a general freight rates investigation along the lines indicated in the preceding paragraph subject to such special statutory provisions as affect freight rates.

A. D. P. HEENEY,

Clerk of the Privy Council.

National
freight
rates
policy.

336. (1) It is hereby declared to be the national freight rates policy that, subject to the exceptions specified in subsection (4), every railway company shall, so far as is reasonably possible, in respect of all freight traffic of the same description, and carried on or upon the like kind of cars or conveyances, passing over all lines or routes of the company in Canada, charge tolls to all persons at the same rate, whether by weight, mileage or otherwise.

Revision
of
tariffs.

(2) The Board may, with a view to implementing the national freight rates policy, require any railway company

- (a) to establish a uniform scale of mileage class rates applicable on its system in Canada, such rates to be expressed in blocks or groups, the blocks or groups to include relatively greater distances for the longer than for the shorter hauls;
- (b) to establish for each article or group of articles for which mileage commodity rates are specified, a uniform scale of mileage commodity rates applicable on its system in Canada, such rates to be expressed in blocks or groups, the blocks or groups to include relatively greater distances for the longer than for the shorter hauls; and
- (c) to revise any other rates charged by the company.

Disallow-
ance and
substitu-
tion.

(3) The Board may disallow any tariff or any portion thereof that it considers to be contrary to the national freight rates policy, and may require the company, within a prescribed time, to substitute a tariff satisfactory to the Board in lieu thereof, or may prescribe other tolls in lieu of the tolls so disallowed.

Exceptions.

(4) Subsections (1), (2) and (3) are subject to subsection (6) of section 328 of this Act and to the Maritime Freight Rates Act, and do not apply in respect of

- (a) joint international rates between points in Canada and points in the United States of America;
- (b) rates on export and import traffic through Canadian ports, where in practice such rates bear a fixed and long-standing relationship with rates on similar traffic through ports in the United States of America;
- (c) competitive rates;
- (d) agreed charges authorized by the Board under Part IV of the Transport Act;
- (e) rates over the White Pass and Yukon route;
- (f) rates applicable to movements of freight traffic upon or over all or any of the lines of railway collectively designated as the "Eastern lines" in the Maritime Freight Rates Act as amended by The Statute Law Amendment (Newfoundland) Act, chapter 6 of the statutes of Canada, 1949; or
- (g) where the Board considers that an exception should be made from the operation of this section. 1951(2nd Sess.), c. 22, s. 7.

EQUALIZATION OF FREIGHT RATES

Introduction

The ensuing report is being respectfully submitted as a statement of the progress so far made by the Board in dealing with the equalization of freight rates throughout Canada in pursuance of the directions contained in P.C. 1487 of April 7, 1948, and the guidance to the Board now contained in Section 336 of the Railway Act, (which was enacted as Section 332A in 1951).

The report also contains an indication of the future progress which may be anticipated in this matter.

The Board has completed the first phase of the equalization of freight rates on March 1, 1955, by establishing on that date a new freight classification and a new scheme of "class" rates applied in connection with that classification, and the present therefore appears to be an appropriate time at which to make an interim report in the matter of equalization generally.

The long lapse of time since the issuance of Order in Council P.C. 1487 on April 7, 1948, and the relative completion of only the first phase of equalization on March 1, 1955, may well be a matter for query, but the answer lies in two circumstances, both of which are well known to those who have closely followed the history of freight rates in Canada in the last six or seven years.

The first is that, subsequent to the issuance of P.C. 1487, the governments of several of the provinces applied to the Governor General in Council for a Royal Commission on Transportation, to enquire, *inter alia*, into all phases of the railway rate structure, as some of the provinces did not consider that the provisions of P.C. 1487 were broad enough to achieve the final goal of equalization, because of the limiting clause that equalization was to be made only "under substantially similar circumstances and conditions".

The Royal Commission was appointed under the terms of Order in Council P.C. 6033 of December 29, 1948. This Royal Commission submitted its report to the Governor General in Council on February 9, 1951, recommending certain changes in the Railway Act. These changes, so far as freight rates are concerned, were enacted by Parliament in Chapter 22, 15-16 George VI, assented to December 21, 1951, and resulted in a declaration of a national freight rates policy in respect of equalization of rates, as now is embodied in Section 336 of the Railway Act. It may be noted that Section 336, as it was enacted in December 1951, declares the National policy in respect of equalization to be "so far as reasonably possible", whereas Order in Council P.C. 1487 of 1948 specifically limited any equalization to be accomplished "under substantially similar circumstances and conditions". The Order in Council has not been rescinded, but the later statutory amendment gave the Board much wider powers than it has ever before possessed in that regard.

The other circumstance is that the equalization of freight rates is a long, involved and difficult process, and a serious false step in any respect in adjusting the freight rate structure might cause a great deal of harm before it could be rectified. As was said by the Royal Commission on Transportation at page 125 of its Report:

"The objective of equalization is something which can only be attained after considerable study by the Board and by the railways. Undoubtedly many serious problems are involved, for example the effect that the proposals may have on railway revenues, on established industries and on trade and market patterns. All these things are of the utmost importance."

By authorization of the Governor in Council, the Board obtained the services of an expert Traffic Adviser to assist in carrying out the equalization legislation, as the regular technical staff of the Board could not cope with this new and extensive task in addition to its current duties.

Definitions and Explanatory Notes

It would be helpful, we think, for a clearer appreciation of what follows, for us to define certain terms hereinafter used and give a few explanatory notes as to the different kinds of freight rates or tariffs, and the position they occupy in what is described as the freight rate structure, and how traffic is distributed amongst the various types of rates.

It might be well, therefore, for us to begin by indicating the meaning of "waybill analysis", "freight classification", "class" rates, "commodity" rates, and rates for "special services" and how they fit into the freight rate structure, and mention what rates or tariffs are subject to equalization, and the volume of traffic which moves under them, and later indicate the rates which are excluded from equalization.

Waybill Analysis: Each shipment made by railway is accompanied by a document known as a "waybill", which shows the origin and destination of the shipment, the weight, the rate charged, and the revenue earned by the railway. After P.C. 1487 was issued, the Board knew that more detailed information of traffic movements would be required for the task it had to perform, and therefore instituted a continuing study of such movements by requiring the railways to submit to the Board a copy of each waybill received at every station on their lines for one selected day in each quarter of the year.

Each waybill was then analyzed by the Board to determine the distance that the shipment had been carried, the region in which it had originated, and the region in which it had been delivered, also the kind of shipment it consisted of; and from these statistics a "waybill analysis" was compiled which showed the type of rate charged, the revenue received, the weight carried, the ton-miles, the average revenue per ton-mile, the average haul per ton, the car-miles that the cars were hauled, and the average revenue per car per mile. Totals were made for each kind of rate, for each region, and consolidated totals for all railways. By selecting four representative days in the year, it involved the study of 25,439 carloads and 165,277 less-than-carload shipments in 1949; 29,219 carloads in 1951; 25,957 carloads in 1952; and 23,879 carloads in 1953. Similar studies are continuing for 1954 and subsequent years.

Freight Classification: In order to provide the mechanics to ship as freight over 8,000 articles which are grown, produced or manufactured in Canada, these articles have been grouped into ten broad groups or classes, ranging from the highest to the lowest on the basis of value, bulk, liability to damage, and so forth, in a compendium known as the "Freight Classification".

Class rates: It is found that certain articles, although intrinsically different, have certain qualities in common which for rail shipping purposes enable the railways to include them in a particular class in their freight classification. The rates on such classes are called "class" rates and lend themselves to equalization, and, in calculating the tariff to apply on class rates, the railways make use of a mileage scale which is graduated according to distance.

Commodity Rates: Some articles which move in bulk quantities have special tariffs of their own because, generally speaking, such commodities move from specific points according to production to specific points of destination. These specific movements may be on a limited scale or involve a very large movement. For example, the grain crop moved by railway is entirely upon such commodity rates. The rates in these tariffs are known as "commodity" rates. Some of the principal commodity rates apply on agricultural products such as grain, flour, hay and straw, fruits and vegetables; on animals and animal products such as horses, cattle, sheep, hogs, dressed meats, butter and

cheese; on mining products such as coal, coke, ores, sand, gravel, stone and salt; on forest products such as lumber, pulpwood and firewood; on manufactures such as gasoline, pig iron, iron and steel articles, cement, fertilizers, paper commodities, woodpulp, canned fruits and vegetables; all of the foregoing articles *inter alia* are subject to equalization.

Rates for "Special Services": In addition to the foregoing, there are rates established for special services performed by the railways, such as refrigeration, heating in transit, switching of cars at terminals, stopping in transit for various purposes such as milling of grain, dressing of lumber, and so forth. This minor aspect of equalization will follow the adjustment of commodity rates.

"Competitive" Class and Commodity Rates: These are rates voluntarily published by the railways and are lower than normal rates in order to meet competition of other carriers such as steamships and trucks. They are only published in areas where such competition forces the rates down below the normal rates established by the railways or prescribed by the Board. Competitive rates are not subject to equalization under the Act because, obviously, if competition is present in only one area and forces down the rates, there are no similar competitive rates in other areas, and therefore no equalization is possible or necessary.

Other Rates: Other rates which are not subject to equalization include the statutory grain rates in western Canada, known as the "Crow's Nest Pass" rates; the rates within the Maritime Provinces; the agreed charges, which are in reality contract rates made to meet competition; export and import rates via Canadian ports, which are issued to meet the competition of American ports; and international rates between the Canadian railways and the United States railways.

Movement of Freight Traffic Under the Different Rate Categories

One of the most important results of the waybill analysis is a showing of how freight traffic is distributed by tons, by revenue and by regions among the various types of rates published by the railways. While the class-rated traffic is low in volume, nevertheless it should be noted that class rates are highly important because they not only produce high revenue but in many cases are the basis for commodity rates. It would appear from the studies made that class-rate traffic produces a revenue of not less than \$125,000,000 per year for the Canadian railways. In various years class-rate revenue has amounted to 15 per cent to 23 per cent of the freight revenue on the intra-Canadian traffic of the railways; in addition, about 50 per cent of the railways' revenue comes from special commodity rates, many of which are based upon the class rates; for example, paper commodities are based upon percentages of the 5th Class rate, and woodpulp is based upon a percentage of the 10th Class rate. It may be said, therefore, that the class rates are a *sine qua non* to the freight rate structure.

The remainder of the traffic moves at competitive rates, statutory grain rates in western Canada, agreed charges, export and import rates, and international rates, none of which are subject to equalization.

Preliminary Approach to Equalization

The basic foundation for any freight rate structure consists of two parts—(1) the freight classification, and (2) the "class-rate" scale which must accompany the classification.

The Board felt it must first lay this foundation for equalization; otherwise the proceedings for equalization might well end in a chaotic condition.

Even "commodity" rates must be conditioned upon the classification to a large extent; the "class" in which an article is established in the freight classification indicates its general relationship to other commodities and what place it should reasonably occupy in the "commodity" tariffs; moreover the rules and conditions of carriage relating to all articles and commodities are contained in the freight classification.

The Board, therefore, initially turned its attention to the freight classification, to be accompanied by a new equalized class-rate scale, leaving the equalization of commodity rates to be dealt with after the freight classification and the class-rate scale had been established.

One of the first acts of the Board was to order uniformity in the classification rule which governs the mixing of different classes of freight in carloads. Formerly this rule was more liberal in permitting such mixtures in eastern Canada than in western Canada; since June 2, 1952, the more liberal rule has been applied throughout Canada.

It was thought necessary, before dealing with the various classes contained in the freight classification, to modify, subject to objection by any interested party, the existing freight classification. The classes were formerly numbered from 1 to 10, Class 1 being the highest class (except for some "multiples" of 1st Class on articles of extraordinary value) and Class 10 being the lowest class. This rigid arrangement of ten classes did not provide any flexibility for including additional classes which, as commerce has developed, are now necessary. The new classification will be based on substituting Class 100 for Class 1, and the lower classes are then made upon percentages of Class 100. The lowest class will probably be 10 per cent of Class 100. It is now possible, theoretically, to have 90 classes instead of 10; in practice there should eventually be about 30 classes. In addition, there will be multiples of Class 100 for articles of extraordinary value.

Hearings and Conferences: The extensive work of the 1949 waybill analysis was completed in 1950 and hearings upon the general investigation directed by Order in Council P.C. 1487 were commenced at Ottawa on January 15 and continued on March 5, May 15 and September 10, 1951.

One result of this series of hearings was a submission in August 1951 (at the request of the Board) by the Railway Association of Canada of a "Study for the Equalization of Class Rates". The scale suggested in this study was, however, found to be on a high level and was declared by the Board to be unsuitable for equalization purposes at a subsequent hearing which was held at Ottawa on January 10, 1952, upon both the subjects of the General Freight Rates Investigation and the implementation of the National Freight Rates Policy of Equalization enacted in December 1951.

With a view to accelerating progress with respect to both subjects, a round-table conference was held by the Board at Ottawa on March 18, 19 and 20, 1952. This conference was attended by numerous Counsel and various freight rate experts representing country-wide interests. The conference suggested that any equalized rate scale should be constructed upon a weighted basis, that is: taking into account the volume of traffic moving throughout the country in the ten "Classes" of the Canadian Freight Classification, transposed into a scale which would produce an average rate for each class for each mileage block, and which would represent the aggregate revenue of all the movements at each mileage.

It was further suggested that the Board should develop and prescribe such a scale, to become effective after a delay of twelve months, during which period hearings could be held and any objections received. In this manner it was hoped that consideration of a multiplicity of scales which might otherwise be presented to the Board, and require time-consuming analysis and comparison in order to arrive at a decision, would be avoided. This hope was partially realized because only three additional scales were subsequently offered.

Following the round-table conference above referred to, the Board with its Adviser proceeded informally to obtain helpful information available as to the construction and application of freight rate scales from persons in the business world having expert general and local knowledge of the subject in various parts of Canada.

Likewise we obtained information with respect to class-rate equalization in the United States, because the Interstate Commerce Commission of the United States after many public hearings and study extending over 12 years had in 1951 successfully completed the task of converting the various regional class-rate structures of the major part of the United States into an equalized and uniform class-rate scale.

We appreciated the value of the practical and factual information upon methods of equalizing class-rates in the United States, as supplied to us by members and staff of the Interstate Commerce Commission.

Legal Aspects of Equalization: During the conference above referred to, certain legal questions were raised by Counsel for the railways and the provinces. On these matters the Board said in its Judgment:

"It was first intended that certain legal questions which would inevitably arise in any attempted equalization scheme would be submitted to the Supreme Court by way of a stated case before hearings on equalization would be proceeded with. In the meantime it was the intention of the Board to distribute a working paper on equalization for consideration of interested parties.

"Following several conferences between members of the Board and legal experts representing the provinces and railways, what is considered a more expeditious and satisfactory procedure was devised. It was accordingly decided that the Board would issue an order requiring the establishment of a class-rate scale which would be accompanied by a judgment dealing with the most important legal points arising from, or incidental to, the new class-rate scale or any other scale envisaged in the judgment or order. Likewise that neither the order nor the judgment would require to be implemented until sufficient time had elapsed to allow the Board to hear in various parts of Canada any objections which might be filed to the order, or any application for review of the judgment."

In the aforesaid Judgment the Board made decisions upon the legal questions referred to and the proceedings were thereby considerably expedited since no appeal was made therefrom.

Interim Uniform Class-rate Scale: Following these studies and within a period of approximately a year, a scale was evolved by the Board which became known as "Appendix A" and was promulgated by Judgment and Order (see 69 C.R.T.C. 306) on December 12, 1952, to become effective January 1, 1954, subject to any objection in the interval.

This scale was intended to be an interim scale, as was clearly indicated when the Board said at page 4 of the Judgment:

"We trust that the class-rate scale, which may be regarded as the foundation of the rate structure, while by no means final, will constitute a step forward beyond a working paper."

Regional Hearings: The Board then set down the interim scale for regional hearings and toured the entire country from Victoria, B.C., to St. John's, Newfoundland, during the six-month period from March to September, 1953, to afford parties an opportunity to show cause why the scale should not be established and to present evidence and make representations in respect of it.

In chronological order, the regional hearings held by the Board upon the interim scale were as follows:

At	1953
Victoria, B.C.	March 17
Vancouver, B.C.	March 19 and 20
Calgary, Alta.	March 26
Edmonton, Alta.	March 30 and 31
Regina, Sask.	April 10 and 13
Winnipeg, Man.	April 15 and 16
Port Arthur, Ont. ..	April 20
Windsor, Ont.	June 8
London, Ont.	June 10
Toronto, Ont. ..	June 15
Halifax, N.S.	July 2 and 3
St. John's, Nfld.	July 8
Charlottetown, P.E.I.	July 14
Montreal, Que.	September 14 and 15

At these hearings various suggestions were received concerning adjustments to the Board's interim scale. The main representations, however, were reserved for what was expected to be the final hearing beginning October 5, 1953, at Ottawa. At this hearing the two principal railways each suggested a new class-rate scale. These scales differed from the Board's interim scale and differ from each other. Counsel for the provinces and others asked for time in which to consider these two new scales.

Temporary Reduction of 5% in Western Canada, and Increase of 10% in Eastern Canada: The Board was dissatisfied at this stage with the slowing-down of the progress of equalization, and was concerned with the fact that the western provinces had up to that time received no benefit from the equalization statute. An Order was therefore issued, No. 82339, of October 9, 1953, requiring a reduction of 5 per cent in the class rates within western Canada, and permitting a counter-balancing increase of 10 per cent within eastern Canada, to become effective on November 15, 1953. This action narrowed the gap between the class-rate scales of western Canada and eastern Canada until the equalized scale could be determined.

Further Hearings: Hearings on November 30 and December 1, 1953, became necessary. At the hearing of November 30, 1953, Counsel for the Province of Alberta asked to be permitted to submit still another scale, which was referred to as a "compromise scale", and a further hearing, from January 8-14, 1954, inclusive, was required for the purpose of considering this scale as well as the three other scales.

At the regional and final hearings the Board received 152 briefs, 87 exhibits, and 3,309 pages of evidence.

Completion of First Phase of Equalization

Prescribed Class-rate Scale, Appendix "B": Following the regional and final hearings at Ottawa, the Board issued a further Judgment, dated March 1, 1954, prescribing another scale in lieu of Appendix "A", to be known as Appendix "B", to become effective March 1, 1955.

In order that the work to be done by the railways in compiling the new freight tariffs would not be delayed, that Judgment was made as brief as possible and the Board stated that "Notes and Reasons for Judgment" would be issued later and would form the basis for an interim report to His Excellency the Governor in Council. The Notes and Reasons for Judgment have been issued and will shortly be made available by the Queen's Printer. They deal in much more detail with equalization than this interim report and may serve as a useful reference for those interested in fuller implications of equalization. A summary, however, of the aforesaid Notes and Reasons is annexed hereto as "Schedule A".

The freight tariffs containing the new class rates and the new freight classification referred to in the Judgment and the Notes and Reasons for Judgment have been received by the Board. It may well be, however, that in the light of actual experience, further modifications to the class-rate scale adopted may be advisable but, subject to this qualification, the directions contained in Order in Council P.C. 1487 and in Section 336 of the Railway Act, as far as class rates are concerned, it is respectfully submitted, may be considered as having been complied with.

Thus, with the unflagging efforts of the Board's special staff and the valuable knowledge wholeheartedly contributed by representatives of the provinces, the shipping interests, and the railways since the enactment of Section 336 of the Railway Act, it has been possible within two years to evolve finally a class-rate scale which was thought worthy of being put into effect and subjected to the test of experience.

It required a further year for the railways to complete the technical work involved in compiling the freight tariffs for application between their ubiquitous stations.

The magnitude of this task of "putting in the foundation" can be judged by the fact that the freight classification and the printed class-rate tariffs of the two principal railways consist of over 3,700 pages of closely-packed names and figures. The tariffs required some millions of calculations to compute the station-to-station distances for all the points between which the class rates apply, and they stand as a tribute to the expeditious work of the officers and staff of the railways responsible for their compilation.

The Second Phase in Equalization

Commodity Rates: As stated previously, special commodity rates susceptible of equalization under the Act constitute about 50 per cent of the revenue of freight traffic and, compared with the revenue from class rates, are of considerably greater value. But, as already pointed out, generally speaking they could only be proceeded with after the basic foundation of the freight classification and the class rates had been established.

The commodity rate aspect of equalization is, therefore, the next step which the Board will set down for consideration. The following is a brief resume of the commodity rates which must be dealt with and may serve as an indication of the formidable nature of the next phase of equalization.

Mileage Commodity Rates: Section 336 of the Act specifically directs the Board's attention towards the establishment of a uniform scale of mileage commodity rates for each article or group of articles for which mileage commodity rates are specified.

The Board has made a brief survey of mileage commodity rates which are subject to equalization, and they fall principally into three categories:

1. Articles for which there are mileage scales in both eastern Canada and western Canada.
2. Articles upon which there are only mileage scales in eastern Canada.
3. Articles upon which there are only mileage scales in western Canada.

There are 16 mileage scales applicable to articles in category No. 1, that is: scales which are applicable in both eastern and western Canada on the same article. Of these 16 scales, one is exactly the same in both eastern and western Canada; one in western Canada is so close to that of eastern Canada that they can be readily equalized; two scales are somewhat farther apart, but can probably be equalized without much difficulty; and twelve scales are not close together so that careful consideration will have to be given to the problem of their equalization.

In category No. 2, i.e.: articles on which there are only published mileage scales in eastern Canada and not in western Canada, consisting of approximately 35 scales, consideration will have to be given as to what rates are applicable on these articles in western Canada and whether the eastern scale can be transplanted into western Canada, or an average made in some manner of the mileage scales of eastern Canada with the going rates in western Canada.

In category No. 3, i.e.: articles on which there are only published mileage scales in western Canada, consisting of approximately 39 scales, an investigation must first be made to determine if any of the rates in these scales are now higher than the reduced class rates; after that has been accomplished consideration must be given as to whether these western scales should be transplanted into eastern Canada, or an average made in some manner of the mileage scales of western Canada with the current rates in eastern Canada.

Specific Commodity Rates: In addition to the commodity mileage scales, there is a large number of "specific" commodity rates. These are rates which are published between specific stations.

The tariffs in which these rates are published also fall into three categories: (1) rates which are applicable in both eastern and western Canada; (2) rates which are only applicable in eastern Canada; and (3) rates which are only applicable in western Canada.

These rates, it is expected, will be the most difficult to deal with because they are made on a number of different bases and they apply upon large volumes of traffic; therefore they must be given the most careful scrutiny before equalization can be attempted. Some of the principal freight tariffs in this category apply on: Asphalt, Cement, Coal, Fish, Hay and Straw, Iron and Steel, Paper, Petroleum Products, Roofing Materials, and Woodpulp.

It may be said however that, in connection with lumber rates and domestic grain rates, the Board has already been able to take a step in the direction of equalization in both cases. In the case of lumber, a new scale has been adopted for western Canada as a whole. So far as grain for local delivery is concerned (i.e.: not Crow's Nest Pass grain rates) a new scale was devised about two years ago for application within western Canada pending a complete examination of the grain rate structure both east and west.

Procedure Contemplated to Expedite Equalization of Commodity Rates

In the interest of expedition, the Board thinks that a carefully considered plan should now be laid to deal with the equalization of commodity rates, adopting such procedure as was found most rewarding in dealing with class rate equalization. It is, therefore, the intention of the Board to have informal pre-conference discussions with representatives of the provinces and other parties interested therein with a view to deciding upon an agenda which will be discussed at a round-table conference to be called for the purpose of formulating an immediate and long-term plan of procedure.

Conclusion

In a sense it may be said with justification that, on the one hand, after some three years of labour, only the foundation of equalization has been laid. Figuratively speaking, it may develop settling cracks and the rough masonry will doubtless require further trimming. However, on the other hand, the Board trusts that this seemingly slow-moving and partial accomplishment will be viewed in the light of the difficulties inherent in an undertaking of such magnitude and the necessity of forestalling, as far as possible, any adverse impact on the national economy of Canada.

While devoting its attention to equalization, the Board has been called upon to deal with a particularly heavy roll of general cases, apart from special assignments such as investigations of grade crossings, its continuing work in connection with its relatively recently acquired authority over interprovincial oil and gas lines under the Pipe Lines Act and the imposed requirements for the establishment and enforcement by the Board of uniform accounting regulations for Canadian railways, under Section 387 of the Railway Act. Thanks, however, to the loyal and more than willing co-operation of the Board's staff (which, in some departments, at senior level, is presently undermanned and overworked) at least as yet the time-consuming task of equalization has not prevented the Board from keeping abreast of the increasing number of cases on its regular roll.

It is too early to conjecture what time will elapse before corresponding progress can be noted with respect to the equalization of commodity rates, but the Board ventures to express the hope that the time consumed will not exceed that which occurred in promulgating the class-rate scale, despite the fact that by comparison there are many more commodity rates which are subject to equalization.

The whole of the foregoing is respectfully submitted.

JOHN D. KEARNEY,
Chief Commissioner,

ARMAND SYLVESTRE,
Deputy Chief Commissioner,

FRANK M. MacPHERSON,
Commissioner,

H. B. CHASE,
Commissioner,

OVERTON A. MATTHEWS,
Commissioner.

OTTAWA, March 25th, 1955.

SCHEDULE A

Summary of the Principal Features of the Board's Notes and Reasons for Judgment dated February 28, 1955

The principal highlights of the Board's Notes and Reasons for Judgment are as follows:

Section

1. Synopsis of Prior Judgments on Equalization.
2. A short historical review of some of the events which created the differences between the rates of western Canada and of eastern Canada and which originated the demand for equalization of these rates; the efforts of the Government and the Board to reduce the disparity; the two General Freight Rates Investigations ordered by the Governor in Council in an effort to bring about equalization; and, finally, the adoption of the National Freight Rates Policy by legislation in 1951.
3. A description of the present class-rate structure, with its many ramifications so far as class rates are concerned, for the purpose of indicating the streamlining and greater uniformity that can be expected to take place by the adoption of equalization. The new uniform equalized scale replaces three complete regional class-rate structures, namely: the Ontario-Quebec region, the Lake Superior region, and the Prairie-Pacific region, leaving the fourth region, i.e.: the Maritime Select Territory, undisturbed except to apply the new freight classification to the Maritime tariffs; included in the replacement are nine mileage scales and thousands of specific regional and inter-regional rates.
4. A reference to the freight classification and the manner in which it has been revised to conform with the new class-rate structure.
5. A reference to the submission of scales offered by the Canadian National Railways, the Canadian Pacific Railway Company and the Province of Alberta, as substitutes for the Board's interim scale, with a brief statement of the basis on which these substitute scales were computed.
6. A statement as to the action of the Board in October 1953 in ordering a reduction of 5 per cent in western Canada and an increase of 10 per cent in eastern Canada, as a result of the Board's dissatisfaction with the lack of progress made in equalizing class rates up to that time. This measure was calculated to narrow the gap between the class-rate scales of western and eastern Canada and thus leave a lesser discrepancy to be equalized later. The paragraph includes the oral Judgment rendered thereon.
7. A technical review of the interim uniform scale for the information of freight experts and others who are interested in the method by which the original scale was constructed.
8. A brief commentary upon the regional and other objections to the interim scale, set forth by provinces, by other large organizations, and the railways. The principal features of these objections were the almost universal opposition to the breaking up of the large eastern triangular group running from Sault Ste. Marie to Windsor, Ontario, and Montreal, Quebec, (including Quebec City) in the making of freight rates between eastern and western Canada; the demand for larger rate groups in western Canada; the objection of Manitoba to the discontinuance of old methods of making freight rates; the objections of the Canadian Pacific and Canadian National that the proposed scale of the Board was too low and that it did not taper off sufficiently for the longer distances.

9. A constructive criticism of the four proposed scales by a well-qualified U.S. authority on transportation rates, introduced as a witness by the Province of Alberta, together with the Board's comments upon this evidence.
10. A detailed commentary on the grouping of stations for rate-making purposes, and an exposition of the Board's views upon the retention, so far as possible, of the large eastern group for shipments to western Canada, and the extension of the mileage scale to 50-mile blocks over 1,500 miles instead of the 25-mile blocks previously suggested.
11. A review of the Appendix "B" scale prescribed for future application within Canada west of the Maritimes (and between the former territory and the Maritime Provinces to the extent of the changes made within the territory west of the Maritimes) giving the reasons for prescribing such scale.
12. A comparison of what would have been the effects of the proposed scales with the prescribed scale in respect to the avoidance of disruption of trade and commerce, which would have occurred by the adoption of any of the three scales offered in substitution of the Board's scale.
13. An exposition of the unfortunate effect upon the volume of class-rated traffic caused by the cumulative 98·2 per cent increases which have been made in the five-year period following the end of the Second World War, together with a statement of the principles on which the Board proceeded in an endeavour to avoid similar results from the prescription of the Appendix "B" scale.
14. A list of subsequent submissions respecting equalization.
15. A modification of its preceding Judgment respecting differential rates via the St. Lawrence River and Great Lakes routes between eastern and western Canada.

The Board considers it might appropriately include herein the Conclusion of the Notes and Reasons for Judgment, because it sets forth in three brief paragraphs the results of the Board's findings, and an intimation of its future course of action with respect to class rates:

16. "By the use of a railway mileage table and the application of the new freight classification, the simple scale of Appendix 'B' provides a rate for each railway on any article, for any distance in Canada west of the Maritimes, and at the same rate for the same distance in any part of that territory, (except where rates are grouped at average or fixed mileages).

"This evolution in Canadian freight rates must of course be tested in the light of experience. We are entering an uncharted field in the equalization of rates on all normal class-rated traffic in all parts of Canada west of the Maritime territory. While the Board has endeavoured to exercise due care to prescribe a scale that has, so far, received relatively little criticism since it was promulgated nearly a year ago after extensive hearings throughout the country, the scale can hardly be expected to have no defects.

"Such criticism as has been received in the meantime, and which has not been resolved, as well as any defects not yet apparent, might, we think, be considered collectively after Appendix 'B' has been in effect for a sufficient period to test its merits. Consequently, the Board will closely follow for the ensuing year the results of the new rates through its waybill studies and make them available to the interested parties."

Following the Conclusion, there are included a comparison of the proposed and final class rate scales, and a reproduction of the prescribed Appendix "B" scale in full.

761. Other Accounts Payable.

This account shall include outstanding drafts drawn by station agents, outstanding drafts drawn on the company in settlement of freight claims, conductors' refund and extra fare cheques not presented for redemption, deposits of affiliated companies subject to current settlement, taxes collected from employees and others for the account of taxing agencies, and other items of the nature of demand liabilities not covered by accounts No. 758, "Loans and bills payable", No. 758A, "Loans from Government of Canada—current liabilities", No. 759, "Traffic accounts payable", No. 760, "Audited accounts and wages payable", and No. 762, "Interested unpaid".

NOTE—The amount to be reported under this account is not the net balance between this account and account No. 715, "Other accounts receivable", but net balances payable to individuals or companies shall be included herein.

762. Interest Unpaid.

This account shall include the amount of matured and unpaid interest on funded debt, and other obligations of the accounting company for which provision has been made for current settlement.

Interest which matures on the first day following that for which the balance sheet is prepared shall be included in this account.

NOTE—Interest matured unpaid on non-negotiable debt to affiliated companies, if not subject to current settlement, shall be included in account No. 757, "Amounts payable to affiliated companies".

764. Interest Accrued.

This account shall include the amount of interest subject to current settlement accrued to the date of the balance sheet but not payable until after the first day following that date on funded securities or obligations, debt in default, amounts payable to affiliated companies, notes payable and other indebtedness issued or assumed by the accounting company.

NOTE A—Interest accrued which is not paid when it matures shall be included in account No. 769½, "Interest in default", unless provision has been made for current settlement. Where interest is in default, subsequent accruals shall be credited direct to account No. 769½, "Interest in default".

NOTE B—Interest accrued on amounts recorded in account No. 757, "Amounts payable to affiliated companies", and not subject to current settlement, shall be included in that account.

765. Dividends Payable.

This account shall include dividends declared on capital stock, but not payable until after the date of the balance sheet and the amount of dividends payable on capital stock but unpaid or unclaimed at the date of the balance sheet.

766. Accounts Payable Accrued.

This account shall include estimates of all unaudited items payable by the carrier to the date of the balance sheet, including those which are chargeable to revenue, expense, or income accounts in accordance with general instructions, sections 18 and 19.

Examples, without limitation, of items to be accrued:

Rents payable under leases due subsequent to the date of the balance sheet which are not includible in account No. 761, "Other accounts payable".

Amounts payable to others for unreported interline traffic.

Amounts payable to others for use of facilities, including equipment, for which bills have not been rendered.

Amounts payable to others for services for which bills have not been rendered.

NOTE—Do not include in this account the carrier's estimate of liability in respect of injuries to persons and loss and damage claims. Such estimated liability shall be credited to account No. 778, "Other unadjusted credits".

767. Taxes Accrued.

This account shall be credited with the accruals of all taxes which have been concurrently charged to the appropriate expense or other accounts for taxes and are payable to federal, provincial or other governmental authorities. Such accruals may be based upon estimates, provided such estimates shall be adjusted so as to reflect in this account at all times the carrier's estimate of its unpaid liability for each of the several classes of taxes which have not been finally settled.

Vouchers for the current payment of taxes, including taxes for which accruals have not been made previously, shall be charged to this account. Taxes paid in advance shall also be charged to this account.

The records supporting the entries in this account shall be kept to show separately by classes of taxes the amount of the tax accruals for the current year and adjustments of accruals for prior years.

NOTE—The difference between taxes on income as computed on the basis of recorded depreciation and tax based on capital cost allowance shall not be included in this account but in account No. 770½, "Tax equalization reserve".

768. Other Current Liabilities.

There shall be included in this account the principal amount of unrepresented bonds drawn for redemption through the operation of sinking and redemption fund agreements, also the principal amount of unrepresented funded debt obligations which have matured (for which provision has been made for current settlement), and other current liabilities not covered by accounts No. 758 to No. 767, inclusive.

769. Pension and Welfare Reserves.

This account shall include the credit balances representing the liability of the carrier for amounts provided by charges to expenses or by specific appropriations of income or retained income, including amounts contributed by employees, irrespective of whether carried in special funds or in the general funds of the carrier, for pensions, accident and death benefits, savings, relief, hospital, or other provident purposes.

Separate subaccounts shall be kept for each kind of reserve created. The portion of pension payments disbursed, for which a reserve has been provided shall be charged to this account, and the balance of such disbursements to account No. 457, "Pensions".

This account shall also be charged with disbursements made on account of accident and death benefits, savings, relief, hospital or other provident purposes, for which a reserve has been created.

769½. Interest in Default.

This account shall include the amount of matured and unpaid interest (for which no provision has been made for current settlement) on all indebtedness issued or assumed by the accounting company except interest which is added to the principal of the debt on which incurred. Where interest is in default, subsequent accruals shall be credited direct to this account.

770. Other Deferred Liabilities.

This account shall include items of deferred liabilities not covered by accounts No. 769, "Pension and welfare reserves", and No. 769½, "Interest in default", such as assessments for public improvements payable over a period longer than one year; retained percentage due contractors to be paid upon completion of contracts; deposits for construction of side tracks to be refunded on basis of an agreed portion of the earnings from the traffic handled over the tracks and other similar items.

NOTE—The amount of assessments for public improvements, if payments are to be made within one year, shall be included in account No. 768, "Other current liabilities".

770½. Tax Equalization Reserve.

This account shall include the amounts of differences between the provisions made for taxes on income, as computed on the basis of recorded depreciation, and the estimate of income taxes payable as computed on the basis of capital cost allowance claimed for income tax purposes.

771. Donations and Grants—Railway Property.

This account shall be credited with grants appropriated from governmental funds, and with amounts contributed by others under a standard form of agreement in connection with property the cost of which is chargeable to account No. 701, "Road and equipment property", or to account No. 702, "Improvements on leased property". (See general instructions, section 7)

771NR. Donations and Grants—Railway Property—United States Lines.

This account shall be credited with grants appropriated from governmental funds, and with amounts contributed by others under a standard form of agreement in connection with property, the cost of which is chargeable to account No. 701NR, "Road and equipment property—United States lines" and No. 702NR, "Improvements on leased property—United States lines". (See general instructions, section 7)

772. Premium on Funded Debt.

This account shall include the total of the net credit balances in the discount, commissions and premium accounts for the several subclasses of funded debt. (See general instructions, section 17)

773. Insurance Reserves.

This account shall include the net credit balance in the accounts to which are credited insurance premiums concurrently charged to expenses to cover self-carried risks on fire, fidelity, boiler, casualty, burglar, and other insurance, and reinsurance recoveries from insurance companies, and to which are charged losses sustained on items protected by such insurance, and expenses of operating the insurance department of the carrier.

773½. Equalization Reserves.

This account shall include ledger balances representing reserves created by charges to operating expenses for maintenance of road and equipment, in accordance with section 12 of the general instructions. The debit or credit balances in this account shall be closed at the end of each calendar year to the accounts through which they were created.

778. Other Unadjusted Credits.

This account shall include the amount of credit balances in suspense accounts that cannot be cleared and disposed of until additional information is received, such as amounts received from sales of mileage tickets, to be disposed of as mileage is honoured; amounts received from sales of excess baggage; script to be disposed of as coupons are honoured; interchangeable mileage credential ticket redemption funds; amounts collected from the sale of damaged, unclaimed and overfreight held pending claim; estimated liability for injuries to persons and loss and damage claims; credit balances in clearing accounts, such as "Shop expenses", "Store expenses", "Operating gravel pits", and "Operating quarries"; estimated revenue overcharges such as those covered by reclamation claims or by claims of Governmental departments; unadjusted credit items not otherwise provided for and similar items, the proper disposition of which is uncertain.

NOTE—With respect to injuries to persons and loss and damage claims, if the settlements when audited are charged to this account the balances for each year shall be kept separately until all items have been adjusted and cleared, but, if the settlements when audited are charged to the appropriate expense accounts the balance in this account shall be adjusted through the appropriate expense accounts so as to reflect the probable liability at the close of each year.

779. Accrued Depreciation—Road and Equipment.

(a) This account shall be credited with amounts of depreciation concurrently charged to expenses or other accounts in connection with depreciable road and equipment property used on held for use as rail transportation property on Canadian lines.

(b) At the time of the retirement of each unit of depreciable road and equipment property, this account shall be charged with the entire service value of the unit retired or minor item retired and not replaced. (See general instructions, sections 9 and 11)

779NR. Accrued Depreciation—Road and Equipment— United States Lines.

(a) This account shall be credited with amounts of depreciation concurrently charged to expenses or other accounts in connection with depreciable road and equipment property—United States lines. It shall also include amounts

which the Interstate Commerce Commission may authorize the accounting company to credit to account No. 607, "Other credits", or charge to account No. 621, "Other charges", or account No. 702½NR, "Acquisition adjustment—United States lines", in respect of past accruals of depreciation.

(b) At the time of the retirement of each unit of depreciable road and equipment property, this account shall be charged with the entire service value of the unit retired or minor item retired and not replaced.

(c) For balance sheet purposes this account shall be treated as a single composite reserve for road property. However, for purposes of analysis, the accounting company shall maintain subsidiary records in which this reserve is broken down into components corresponding to the primary account for depreciable road and equipment property. These subsidiary records shall show the current debits and credits to this reserve by primary accounts.

780NR. Accrued Depreciation—Non-Rail Property.

This account shall be credited with amounts charged to income or other accounts in respect of depreciation of property the cost of which is included in account No. 705NR, "Non-rail property".

When any non-rail property is destroyed, sold, or otherwise retired from service, the amount included in this account with respect to the property retired shall be charged hereto.

781. Reserve for Investments.

This account shall include the total of the balances in such reserves as are maintained by the accounting company for the purpose of providing for reductions in the value of securities owned and recorded in account No. 706, "Investments in affiliated companies", or No. 707, "Other investments". Corresponding charges shall be made to account No. 621, "Other charges", No. 545, "Separately operated properties—loss". (See general instructions, section 16)

If reserves are maintained in provision for anticipated losses in specific securities, when the related assets are written down or written off, or are sold or otherwise disposed of at a loss, the reduction in the book value or the losses sustained shall be charged to this account to the extent of the credit balance in the account applicable to the particular securities involved, and the remainder, if any, shall be charged to account No. 545, "Separately operated properties—loss", or No. 621, "Other charges". In case a general reserve for losses in unspecified security values is maintained, all such losses resulting from write-downs, write-offs, etc., shall be charged to this account to the extent of the total credit balance in the account, and the remainder, if any, shall be charged to account No. 621, "Other charges". (See general instructions, section 16)

781NR. Reserve for Investments—Non-Rail.

This account shall include the total of the balances in such reserves as are maintained by the accounting company for the purpose of providing for reductions in the value of securities owned and recorded in account No. 706NR, "Investments in affiliated companies—non-rail", or No. 707NR, "Other investments—non-rail". Corresponding charges shall be made to account No. 621, "Other charges", or No. 545NR, "Separately operated non-rail properties—loss". (See general instructions, section 16)

If reserves are maintained in provision for anticipated losses in specific securities, when the related assets are written down or written off, or are sold or otherwise disposed of at a loss, the reduction in the book value or the losses sustained shall be charged to this account to the extent of the credit balance in the account applicable to the particular securities involved, and the remainder, if any, shall be charged to account No. 545NR, "Separately operated non-rail properties—loss", or No. 621, "Other charges". In case a general reserve for losses in unspecified security values is maintained, all such losses resulting from write-downs, write-offs, etc., shall be charged to this account to the extent of the total credit balance in the account, and the remainder, if any, shall be charged to account No. 621, "Other charges". (See general instructions, section 16)

785. Retained Income (Balance).

This account shall include the net balance (debit or credit) of the amounts included in accounts No. 601 to No. 621 inclusive.

The balance of all retained income accounts (No. 601 to No. 621 inclusive) shall be closed into this account at the end of each calendar year.

787. Minority Interest—Capital Stock.

This account shall include the par value of par value stock and the amount paid in for stock without par value, applicable to shares of capital stock of subsidiary companies owned by minority interest shareholders on consolidation of the system accounts of the carrier.

NOTE—The portion of premiums on capital stock applicable to minority interests will be recorded in account No. 787A, "Minority interest—retained income (balance)".

787A. Minority Interest—Retained Income (Balance).

This account shall record the portion of retained income or deficit, premium or discount on capital stock, accruing to the minority interest shareholders in respect of their shareholdings in subsidiary companies on consolidation of the system accounts of the carrier. Deficits shall only be recorded in this account to the extent of the balance in account No. 787, "Minority interest—capital stock" for each subsidiary company.

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QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
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